

news

significant shorts

Policeman jailed for deaths in 100mph chase crash

A police constable was jailed for three months yesterday for causing the death of an innocent motorist and his police colleague in a horrific car crash during a 100mph chase after a stolen car.

PC Leslie Collins, 43, the driver of a marked West Midlands police patrol car, was found guilty of two charges of causing death by dangerous driving relating to his passenger PC Robert Dallow, 41, from Great Barr, Birmingham and motorist Neil Homer, 30, of Park Avenue, Oldbury, West Midlands. The jury at Birmingham Crown Court had considered its verdicts for nearly four hours before returning unanimous decisions.

Portillo defeat in MoD homes sale

Michael Portillo, the Defence Secretary, was snubbed by a Tory-dominated Commons select committee when it refused to endorse his decision to sell armed forces homes for £1.6bn to a Japanese consortium.

"This committee is still unable to endorse either the principle of the sale or the choice of the new owner of the estate," said the Commons select committee of defence.

It remained "extremely concerned" about standards in parts of the married quarters estate and demanded urgent progress to improve the quality of accommodation. The sale caused a furore among Tory MPs when it was announced last year, and only went through after guarantees for tenants were written into contracts.

Colin Brown and Fran Abrams

Soldiers died in shambolic exercise

The families of two soldiers killed during a training exercise yesterday attacked the "Dad's Army" shambles they say contributed to the tragedy. They also criticised the inquest verdicts of accidental death on Corporal Robert Hawksley, 29, of Toton, near Nottingham and Corporal Martin Bailey, 25, of Sidmouth, Devon.

The two-day hearing, at Derby University courtroom, heard how a series of misunderstandings led to the trench containing the two men taking a direct hit from a 95lb shell. They died almost immediately from injuries received in the June 1994 blast at the British Army Training Unit Suffield in Alberta, Canada.

Billie-Jo suspect image released

Detectives hunting the killer of schoolgirl Billie-Jo Jenkins yesterday issued a computer-generated image of a young man they urgently want to trace. He was seen walking from a side entrance to the house where Billie-Jo lived with her guardians and sisters on Boxing Day last year, when the family was visiting relatives.

Detective Superintendent Jeremy Paine said: "He was in his late teens or early 20s, about six feet tall and powerfully built, wearing fawn-coloured trousers, a black shiny bomber jacket and black woollen hat." The image was compiled from a description given by a witness who called the police incident room.

The 13-year-old was found bludgeoned to death with a metal tent spike on the patio of her home in Hastings on Saturday.

Envoy drawn into McAliskey case

Deputy Irish premier Dick Spring yesterday called in the British ambassador over the case of Roisin McAliskey, the pregnant daughter of a former MP who faces extradition to Germany in connection with an IRA bombing.

Envoy Veronica Sutherland was told of Dublin's concern over the conditions in which Ms McAliskey is being held in London's Holloway prison pending proceedings for her extradition. Mr Spring urged that the earliest possible "positive" decision should be made by the relevant authorities to secure bail for the bombing suspect, who is more than six months pregnant.

Bypass would devastate Wiltshire

The Countryside Commission yesterday called on the Government to re-open the 1993 inquiry into the controversial proposed Salisbury bypass. The commission said the bypass would so devastate the Wiltshire landscape that nothing could be done to counter the impact. A decision on the proposed road scheme was delayed last October while the Government sought more advice.

Although the bypass was supported by the local Tory MP Robert Key, it was understood that ministers were loath to risk more confrontation with road protesters before the election. Louise Jury

people



Rev Winkett yesterday with the Dean, Dr John Moses (Photograph: Emma Boam)

Woman priest tells of her vision on road to St Paul's

Rev Lucy Winkett, the first woman priest to be appointed to the staff of St Paul's Cathedral, joined a panel of her male colleagues and spoke for the first time yesterday about the controversy her appointment has created.

At a press conference called by the Dean of St Paul's, Dr John Moses, in order to "set her free", Rev Winkett sat beside Canon John Halliburton, the man who has made it clear he does not recognise her status as a priest.

But, at pains to present a united front, the newly appointed 29-year-old minor canon turned to the cathedral's chancellor, who stands at the opposite end of the theological spectrum when it comes to the ordination of women, and said she was "quite proud of the Church of England that it found this way of living with difference."

Canon Halliburton made it clear that he would not let his views get in the way of his personal relationship with Rev Winkett, whom he had not seen since the interview after which he abstained from voting. He went as far as to joke: "I may, one day, sit down and have a deep, spiritual talk with Lucy about my feelings, but I won't start asking for absolution."

He played down reports that he would "boycot" Ms Winkett's Communion services. "I shall do nothing of the sort," he insisted. "I shall quietly not be present."

Rev Winkett, a curate at St Michael's and St Mary's in Ilford, east London, told the assembled journalists about her Calling to the Ministry. "For me, it was quite

a sudden decision," said the Cambridge graduate who, at 23, had expected to pursue a career in music.

"I was sitting in a church service one evening and it just kind of happened. Something clicked inside of me and I wanted to be a priest from that moment." Although back then, entering the priesthood was not a possibility, her "conviction" never left her.

Reports that she had joined the Church following the death of her boyfriend, Andrew Stillwell, in a climbing accident, were exaggerated, Rev Winkett claimed.

"It's a very neat pattern that looks very obvious. That the death of someone close leads to a vocation in the Church, but I can't say that was the position. As I've said before, the experience of bereavement is a catastrophic one. A full stop. There isn't one logical step from one to another. Death isn't like that."

For Rev Winkett, one of the most exciting aspects of her new job, which starts in September, is the singing. "To hear a woman's voice singing the Communion in St Paul's will be a wonderful thing," she said.

It is a task for which she is well qualified. Not only did she study at the Royal College of Music, but she sang secular rock songs in a Cambridge band called "The Acoustic Electric" and the Ordained. She was, however, reticent about the idea of introducing her acoustic-electric guitar to the Church of England heartland. Asked whether there was a place for rock 'n' roll at the country's most famous Cathedral, she looked rather bemused. "I don't know," she said. "Honestly, I don't."

Clare Germer

briefing

HEALTH

More than 1 million waiting for NHS hospital treatment

The NHS waiting list for hospital treatment has risen to 1,096,000 patients - the highest figure recorded, according to the latest figures released by the Government. There was a rise of 3.2 per cent in the total number of patients waiting at the end of 1996, and 123 patients were waiting for more than 18 months, in breach of Patients' Charter guarantees.

The provisional figures for the last quarter of 1996 were condemned last night by the Shadow Secretary of State for Health, Chris Smith, as evidence that the reforms to the NHS were not working.

"These are the highest waiting lists ever recorded. More patients across the country are waiting longer for an operation as a direct result of the Tories' changes to the NHS," said Mr Smith.

But Gerry Malone, the Health Minister, defended the Government's record, insisting that the reforms had slashed the numbers waiting for more than a year from 200,000 cases.

The total for those waiting more than one year rose by 46 per cent - an increase of 6,900 to a total 21,900. Colin Brown

LIBRARIES

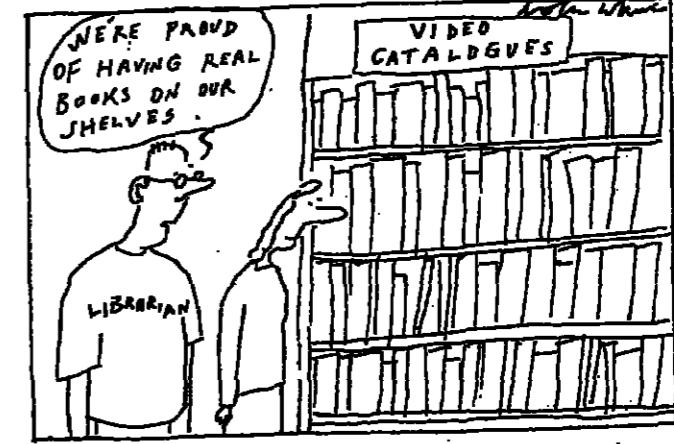
Paperback revolution condemned

Public libraries should open in the evenings and on Sundays, when people most want to use them, the Government said yesterday in its Public Libraries Review. The review, published by the Department of National Heritage, also warned: "The original concept of the British public library system was one of high seriousness and importance. In more recent years there has been a shift away from that high seriousness towards entertainment."

Junior National Heritage minister, Iain Spratt, said yesterday that too often library shelves were packed with paperbacks that could be easily bought at nearby shops.

The review ruled out charges for book loan and reference services. It added that in order to raise standards, library authorities should publish annual plans, setting out clearly how they have performed compared with the standards they set themselves, and the standards achieved by other libraries.

Reading the Future: A Review of Public Libraries in England, available free from the Department of National Heritage 0171 211-6132. David Lister



FOOD

Blunders increase Chernobyl danger

Britons face an increased risk of cancer by eating foods, such as milk, contaminated by the Chernobyl accident, according to research published today. Former government scientist John Jeffers, who was director of the Institute of Terrestrial Ecology, told *New Scientist* magazine that monitoring of radiation levels in food following the accident was "half-hearted and fairly ridiculous".

Mr Jeffers said that immediately after the Chernobyl explosion, there was no Government funding into the behaviour of radioactivity in moorlands and no co-ordinated effort was made to trace where food had become contaminated. He added: "We could have learned a great deal about how radionuclides moved through different ecosystems, but we fluffed it."

But the Ministry of Agriculture defended its record of testing for radiation at the time, saying that in 1986 it tested 28,490 samples of milk, vegetables, cereals and sheep for radiation. It said iodine levels in milk only reached 20 per cent of safety limits recommended by the National Radiological Protection Board.

WHITEHALL

The part-time civil servant

The civil service, once the bastion of full-time jobs for life, is increasingly becoming a source of temporary appointment, according to a survey by Labour employment spokesman, Peter Hain. Over the past five years, while nearly 70,000 permanent jobs have been lost, 7,500 new temporary jobs in the civil service have been created.

According to Mr Hain's figures, there are now 25,000 temporary jobs in the civil service, an increase of more than 40 per cent since 1992. The number of permanent jobs in the civil service, including both government departments and executive agencies, has fallen over the same period from 683,600 to 615,300.

Mr Hain stressed that civil service management codes stipulated casual employment should only be used to meet genuine short-term need and not as a way of eroding job security. He said it was inexcusable that the Government was creating "jobs with no pensions, no performance pay, no paid leave, no sick absence and no maternity leave". Christian Wolmar

SOCIETY

CSA failing to ease parents' burden

The Child Support Agency has so far only had a "small impact" on the lives of lone parents when the potential to help them is there, according to a new report by the Policy Studies Institute. Single parents who co-operate with the CSA could be 60 per cent better off than those who remain on income support, it found.

Increasing maintenance payments helps lone parents work, particularly those with few qualifications or experience. However, the proportion receiving maintenance payments remains at just 30 per cent.

The report also challenges common beliefs about parents bringing up children alone. Rather than being "serial lone parents" they tend to be formerly married, having had all their children by one partner.

Lone Parents: Work and Benefits, £25, HMSO. Glenda Cooper

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BACK ISSUES
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**Harriman's millions left to Churchill**

The Tory MP Winston Churchill (right) and his estranged wife are to inherit nearly all of the £2.6m estate of his mother, Pamela Harriman, the remarkable Englishwoman who became American ambassador to France.

In a will signed only a month before her death on 5 February, Mrs Harriman left the bulk of her estate to be divided equally between the MP, her only son, and Mary, known as Minnie, from whom he separated two years ago after 31 years of marriage.

Her two gardeners, cook, butler and chauffeur will also receive bequests.

of between \$10,000 and \$25,000. Mrs Harriman's four grandchildren and brother, Lord Edward Digby, also benefit, but it is understood that Janet Howard, her long-time assistant in Washington and Paris, was left out of the will.

The estate includes Mrs Harriman's home in Mid-dlebury, Virginia, a manor in Georgetown and property in upstate New York and Long Island. There are also a number of paintings, some jewellery and clothing.

Although lawyers were reluctant to put a value on her estate, it is certainly significantly smaller than it was two years ago, when Mrs Harriman became embroiled in a bitter squabble with the heirs of her late husband, the former New York governor Averell Harriman.

The children and grandchildren accused her of wasting \$30m on bad investments while she acted as trustee.

Samuel Berger, the White House national security adviser and one of her speechwriters, has been appointed her literary executor.

Louise Jury

NEWSPAPERS SUPPORT RECYCLING
Recycled paper made up 41.2% of the raw material for UK newspapers in the first half of 1996



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Briefing

on 1 million waiting for hospital treatment

A revolution condemned
most work on the economy and on the environment. The new environmental and rural planning guidance, also known as the 'old fashioned' or 'stately homes' guidance, is to be issued this year. It will encourage the building of new homes in the open countryside, particularly in the south of England. The new guidance will also encourage the building of new homes in the open countryside, particularly in the south of England. The new guidance will also encourage the building of new homes in the open countryside, particularly in the south of England.

Gummer's vision for housing's future: build more stately homes

Amid the rolling acres of our green and pleasant land, Britain's new rich can build their dreams in stone

Nicholas Schoon

The Government wishes to see a revival of the stately home set amid rolling acres. Yesterday John Gummer, the Secretary of State for the Environment, published new planning guidance encouraging a new generation of magnificent country mansions for the nation's fast-growing number of millionaires.

Under present planning guidelines it is almost impossible to get planning permission from local councils to build new homes in the open countryside. The new guidance supports this, in order to stop the countryside turning slowly into suburbia. But adds: "An isolated new house in the countryside may exceptionally be justified if it is clearly of the highest quality. This means each generation would have the opportunity to add to the tradition of the country house, which has done so much to enhance the English countryside."

The new stately homes would have to be "truly outstanding" in terms of their architecture and landscape design, and enhance their surroundings. It would be up to the elected councillors on the local planning committees to decide whether to grant planning permission for such a home, with the Secretary of State for the Environment able to intervene and have the final say.

Old glory, nouveau riche: Chatsworth House in Derbyshire (left) and Sunningdale Lodge, Berkshire, former home of the Duke and Duchess of York

A modern Englishman's castle: David Sullivan, millionaire publisher and football club owner, outside his Essex mansion

news



Photograph: North News

and Sandringham were also fine examples of magnificent homes which enhanced their rural surroundings.

To get planning permission, a new house in the country would have to be "very fine and very original," he added. Mr Gummer suggested that derelict or run-down sites, such as the overgrown gardens where a great house once stood before it was demolished, might be appropriate.

The Department of the Environment's planning minister, Robert Jones, pointed out that Britain now

had more millionaires – potential clients for tomorrow's stately homes – than ever before. And they will need the money. British architect Claudio Silverstrini, who has built a couple of grand country houses, puts the cost at £2m to £5m.

"There's more people with money and the desire to have such houses built than you might think," he said last night. "But they can't be bothered to waste all the time and expend all the energy that you need to get planning permission. People just

give up and say I'll build it in France, or Ireland."

He praised the new government guidance. But John Outram, who won two awards for an unashamedly modern country house near Wadhurst, East Sussex, was deeply sceptical about Britain's ability to produce a new generation of stately homes which stood the test of time.

"This is a commendable idea but it is elitist and rather off-the-wall," he said. "New building in the open countryside might best be for more

communal uses, such as new towns. His house, built in 1987 for an industrialist, stands on a hilltop and features concrete coloured in several different bright shades.

"To be frank, British architecture hasn't got much credence when it comes to building great country homes since the war," he said. "A lot of very ugly ones have gone up."

Recent clients for large new country homes include the publisher, David Sullivan, (his is in Essex) and the controversial property magnate

Nicholas van Hoogstraten. And there was "South York", the big house built in Berkshire for the Duke and Duchess of York which some thought was inspired by architecture from the soap opera *Dallas*.

The Duke of Westminster, Britain's wealthiest aristocrat, owned one of a tiny number of truly modern looking stately homes at Eaton Hall near Chester. It was built for his father in the 1970s to replace an earlier Victorian gothic mansion.

Architect John Denys, a modernist, came up with an ambitious stark-white, flat-roofed mansion which many critics attacked as an eyesore. The present duke has since had it "demodernised", adding traditional carapace with pitched slate roof, pink sandstone cladding and new window arches and doorways.

The new guidance covers the entire range of development in the countryside. It seeks to control housebuilding tightly, but favours small-scale business developments to keep jobs in rural areas.

"There's a difference between protection and taxidermy – you don't want to stuff the countryside in order to preserve it," said Mr Gummer. The guidance was welcomed by both the Country Landowners' Association and the anti-development Council for the Protection of Rural England.



Short trip on the gravy train nets profit of £12m

Randee Ramesh and Chris Godsmark

Life's lottery produced a new set of millionaires yesterday when a recently privatised rail company was bought by one of the world's biggest banks yesterday.

Andrew Jukes, managing director of Eversholt Leasing – which rents its 4,100 trains to private train companies – stands to make more than £16m from shares bought for £110,000 a year ago.

The firm, known as a Rosco

(rolling stock leasing company) was sold by the Government last year for £580m including £80m of debt to British Rail managers.

Forward Trust, a subsidiary of Midland Bank, paid £208m more than the original price yesterday, taking over the company for £720m.

"We took a risk and it paid off," said Mr Jukes, who helped set up Eversholt in 1994.

Private bidders for the train rental companies were scared off when the Government first put the businesses up for sale

by the length of the leases, leaving the firms in the hands of the management teams.

"The picture in 1995 was one of pessimism and cynicism about the sale," said Mr Jukes. "We went against the grain and took the risk."

Mr Jukes's risk involved raising a little over than £10,000

– which he did without mortgaging his family home in Surrey.

An engineer by training, Mr Jukes's first job was with Rolls Royce in Derby. He moved to

run the bus division for London Transport in 1973 and joined British Rail in 1988 where his ability to spot a good deal made him the perfect choice for BR's investment adviser.

Despite his new found wealth, Mr Jukes will remain at the company. His finance director, Colin Habgood, will not.

His short trip on the gravy train will end in three months time – leaving the former chartered accountant nearly £12m richer.

The new railways have seen

the return of the railway chil-

dren. The sons and daughters of two Eversholt directors – Mr Jukes and engineering director Roger Ayward – stand to make £9m from the sale via a special trust arrangement.

Another 58 staff share more than £40m, and executives from the bank which backed the management team will gain home £5m. Other beneficiaries include Wolverhampton council and the New York Metropolitan Museum of Modern Art, which will profit from indirect stakes in the company.

The 15,000 per cent profit margin incensed Labour, which had only just finished making political capital from the last sale of a Rosco, in which Sandy Anderson, a former aircraft leasing expert, made a profit of £3m in seven months from the sale of his company to Stagecoach, the bus and rail giant.

"Today's news confirms that

the Government learned nothing and did nothing. I challenge them even now to admit that they got it wrong and short-changed the public by selling

cheap these national assets," said Andrew Smith, Labour's transport spokesman. He produced a dossier entitled "The Great Train Robbery", which claimed that the share gains available to the directors of Eversholt, Porterbrook and other train company, GB Railways, topped £105m. And he said he would be writing to the Public Accounts Committee urging an investigation into how the assets came to be sold off "so cheaply".

He gets what, page 19



Andrew Jukes: "We took a risk"

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politics

Teachers win battle over retiring early

Judith Judd
Education Editor

Ministers yesterday bowed to pressure from teachers and backed down over proposals to curb early retirement in the profession from April.

Gillian Shephard, the Secretary of State for Education, said the changes would be postponed until September, despite earlier advice from the Treasury that a deferral would be too expensive.

The present scheme costs £480m a year as four out of five teachers take early retirement. The proposals aim to reduce early retirements by 25 per cent by loading most of the costs on to local authorities.

Teachers have begun a stampede to retire, with 11,500 trying to leave this term.

Mrs Shephard denied the postponement would mean funding thousands more early retirees.

The effect, she argued, would be cost-neutral because the rush of teachers to retire would be halted and there would be no rush between April and September.

But she acknowledged the Government was relying on employers' assistance: "I expect

employers to behave responsibly during the period up to September 1 and not to grant unnecessary premature retirements."

She emphasised her decision had been taken on commonsense grounds after employers and teachers asked for more time to plan the reforms and to avert the departure of thousands of teachers two-thirds of the way through the school year.

Education + with The Tabloid today

However, she said abuse of the scheme must end. "It is not acceptable that people retire on grounds of ill-health and then reappear very rapidly as supply teachers."

There will be a long-term review of the scheme. Ministers are also considering introducing an option for teachers to retire early on reduced pensions and for older teachers to step down to less senior jobs while retaining their pension rights.

Ultimately, if teachers want-

ed early retirement, they would have to help meet the cost, she said.

Graham Lane, education chairman of the Association of Metropolitan Authorities, said: "We have made it clear to Mrs Shephard that we will not be a soft touch. But we cannot guarantee that today's announcement will be cost-neutral."

Mrs Shephard's original decision brought one of the biggest protests from teachers, with head teachers threatening to disrupt teacher training unless the plans were deferred. Two teacher unions challenged her in the High Court.

Nigel de Gruchy, general secretary of the National Association of Schoolmasters Union of Women Teachers, welcomed the postponement but added: "There is no sign that the Government is inclined to tackle the fundamental problem: the scandalous mismanagement of the notorious notional pension fund and the state of the teaching profession driving thousands to flee into early retirement."

Head teachers said the immediate crisis had been averted but predicted severe recruitment problems from September rather than April.



Travelling companions: Tony Blair carrying a swarm of media folk with him on walkabout in New Ferry, Wirral South, yesterday. Photograph: John Voss

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DAVID AARONOVITCH

Red Wirral triumph as the greys become extinct

I missed Brian Mawhinney, Michael Forsyth and William Hague's momentary visit to the Wirral yesterday. I'm not fond of jokes involving an Irishman, a Scot and a Welshman and anyway, judging by the posters (a very poor guide, let it be said) the supporters of New Labour up here are winning out over those who favour Mr Major's cause. By polling day the Red Wirral are likely to be triumphant, and the Grey Wirral all but extinct.

No, I was off to see Tony Blair campaigning – for precisely one-and-a-half hours. First in a factory making fridges that I have never heard of, and then do not appear in any of my *Which?* magazine surveys – so no wonder the company is keen on the publicity. Mr Blair went round in a brisk rectangle, then gave a five-minute collective in-depth interview to the local media – then got back in the car and whizzed off to campaign headquarters. This is not the front-room of Councilor Sidebottom's terraced house. It is (or was) a supermarket. Indeed, as first I mistook it for Kwik Save, with its big plate-glass windows and special offers in bright red ("vote for Ben Chapman, and get two votes at the next council elections").

Then he moved on to a windy pedestrian precinct, and into a few shops and cafés. The first café seemed a little unusual in that – 10 minutes before our Tony turned up – the manageress was wearing large red rosettes, and both the customers were brandishing flags. But perhaps the New Ferry Diner is always like that. And perhaps Brian Mawhinney is going to invite me to his house for the weekend. Nothing, however, prepares you for the weird folly of a leader's walkabout. In Mr Blair's wake (and all around him, and in front of him) gamboled representatives of the local press, newspapers, radio stations, national

reporters, BBC News, *Newsnight*, and foreign television stations.

It reminded me of the chase scenes from *101 Dalmatians*. Except instead of sweet, furry, incontinent puppies there was the gathered and boom-waving human ribbon of struggling, pressing, whinging, joking, moaning, humorous, corpulent media folk. The television camera operators are particularly lethal, carrying many pounds of very expensive kit, which they stick right in front of their eyes while walking. Thus they cannot see minor obstructions, such as sketch writers, children and pensioners. "Why are they all here?" moaned one Blair aide with unintended irony.

"It's only a matter of time before someone's killed," complained another. This would, of course, be very bad news – Japanese film crew smothered war veteran on Blair trip – I am desperately sorry says Tony".

And what of the man himself? He's good-looking, and – like polar north – the needle always points to him. But he does not really love pressing the flesh as Bill Clinton does – or even as Neil Kinnock did. He will not launch in, scoop up babies, rearrange families, cheerfully invade the space of others with unsought kisses and cuddles. Instead he shakes hands firmly, smiles slightly apologetically, says "all the best", "nice to see you" and gives a thumbs-up to distant well-wishers (I got three). Such minor diffidence reminds me of Prince Charles on one of his better days – all good manners, polite interest and reserve. Mr Blair would make an excellent Scandinavian Queen.

That was not the view of the pensioners in New Ferry, however. "Ooooh, he's got a nice friend and shake, 'asn't he," one lady said to her friend. "Can you imagine John Major being so friendly and down to earth?" Can I? Oh yes.

Labour gives pledge on age of gay consent

Colin Brown
Chief Political Correspondent

A promise to allow a free vote on reducing the age of consent to 16, not 18, the limit reached when the Commons last had a free vote on the issue.

"This is an issue where, really, there is no party line, only personal views," he said. "I believe very strongly that there are no grounds for making a distinction in law for differing ages of consent; and many grounds for having the same age."

Leading for Labour at a meeting of Stonewall, the gay rights pressure group, in the House of Commons, Mr Straw committed a Blair government to repealing section 28 of the Local Government Act, banning schools from presenting homosexuality as an unacceptable lifestyle in sex education classes; and to incorporating European Convention of Human Rights into British law to help protect gay rights.

His remarks will be welcomed by many gay voters, but they were criticised by Outrage, the militant gay campaign group, for not going far enough.

Mr Straw carefully avoided committing Labour to putting changes to the age of consent high on its own agenda. But he said Tony Blair, as a former shadow home secretary, sup-

ported a reduction in the age of consent to 16, not 18, the limit reached when the Commons last had a free vote on the issue.

The incorporation of the Convention on Human Rights was "one of the most important steps" a Labour government would take, he said. The convention guaranteed rights of respect for each citizen's private and family life, without discrimination on any ground. Incorporation of the convention should not be a party political matter."

Peter Tatchell, the leader of Outrage, said the free vote on the age of consent was a cop out. "Labour would never allow a free vote on discrimination against women or the black community and human rights are not a matter of MPs' consciences. Labour's pledge to incorporate the European convention on human rights will do little to help the gay community and little to eradicate homophobia discrimination."

"At the time of the 1992 general election, Labour had a manifesto commitment to introduce legislation to outlaw discrimination based on sexuality. That commitment now appears to have been dropped."

Judges curtail juries' ability to punish police

Patricia Wynn Davies
Legal Affairs Editor

The freedom for juries to punish the police for misconduct was dramatically curtailed yesterday under Court of Appeal guidelines designed to cap "exemplary" damages awards at around £25,000 or less in most cases.

Giving judgment in two test appeals by the Metropolitan Police Commissioner, Sir Paul Condon, the court slashed £85,000 off the punitive element of a record £200,000 jury award to a south London hairdresser, Kenneth Hsu, last year for wrongful arrest, assault and imprisonment.

Lord Woolf, the Master of the Rolls, said that £15,000 plus £20,000 basic and aggravated damages for malreatment "should suffice to demonstrate publicly the strongest disapproval of what occurred and make it clear to the commissioner and his force that conduct of this nature will not be tolerated by the courts".

Mr Hsu, 34, was held in a neck lock, punched, kicked, struck across the face with keys and racially abused after officers tried to force their way into his home over a dispute with a lodger. He made two unsuccessful complaints to the Police Complaints Authority. His solicitor, Sadiq Kahn, said: "We

have previously had clients who have been awarded similar amounts, yet police officers continue to go unpunished."

In the second appeal, the three appeal judges declined to interfere with a £51,500 award (£1,500 in basic damages and £50,000 exemplary). Ms Claudette Thompson, a mother of three in her thirties, for false imprisonment, assault and malicious prosecution. But they made it clear that the appropriate award would have been £20,000 for basic and aggravated and £20,000 exemplary.

Under the guidance yesterday, judges will direct juries that the starting point for basic damages should be £2,000. Aggravated damages, to reflect rough handling, insulting, malicious or oppressive conduct, should begin at £1,000.

Exemplary damages, to mark the jury's disapproval of police conduct, would be unlikely to be less than £5,000, but misconduct would have to be particularly deserving of condemnation to justify £25,000. The absolute maximum was £50,000, but only for particularly bad conduct directly involving officers of at least the rank of superintendent.

Ms Thompson was assaulted

by four or five officers. Officers, including two inspectors, later gave false evidence.

The judges urged that seven more appeals against heavy jury awards should be settled out of court. But Jane Deighton, solicitor for Daniel Goswell who received £302,000 after being hit over the head with a truncheon, said that she would have to consider the ruling's implications. "The Court of Appeal has debased the role of the courts in upholding civil liberties. The maximum is now comparable to that payable in wholly incomparable libel cases. The court condemned the police behaviour but their words will be ignored by the police even as they consider this judgment."

Beatles for sale: Only the wealthy need apply



Lennon and McCartney lookalikes Gary Gibson (left) and Lawrence Gilmour modelling two of the Fab Four's guitars up for auction today.

bers of the band and expected to fetch between £80-£100,000, while 'McCartney' has a gold-plated Hofner violin bass (£100-£150,000).

The sale collection of Beatles memorabilia, which includes articles

such as McCartney's school maths book (tipped to fetch £25-£30,000) and the singer's birth certificate (£8-£9,000), should sell for more than £1m. Also for sale are the original lyrics to 'Penny Lane' and Lennon's Afghan coat worn on the cover of 'Magical Mystery Tour'. The auction will take place simultaneously in Japan and London, with bidders linked by satellite.

Photograph: Andrew Buurman

Hundreds seek help after HIV doctor dies

Glenda Cooper
Social Affairs Correspondent

Hundreds of worried women flooded hospital helplines yesterday after a junior doctor who died last week was found to be HIV positive.

In one hospital more than 2,000 babies were delivered in a maternity unit while the doctor, believed to be Dr Olukayode Fasawe, a 28-year-old Nigerian, worked there.

But doctors' leaders yesterday resisted calls for compulsory testing of all healthcare workers before they take up employment, saying it was a "simplistic solution" which would not protect the public.

At the Royal Shrewsbury Hospital, where the doctor worked from last August until 4 February, officials said that of the

2,000 babies born, 49 of the births involved Caesarean or other surgical procedures and three other women received gynaecological treatment in his presence.

Only these 52 were considered to be at very slight risk. By coincidence yesterday 150 women had called the hospital.

Dr Rosemary Geller, Shropshire's director of public health, had a baby in the unit during the doctor's stay.

"The risk is minute, but I understand that Aids is frightening and it is important that we do everything we can to reassure these women," she said.

"At the same time I would emphasise that we have never had a case in this country of HIV or Aids being transferred from a healthcare worker to a patient."

DAILY POEM

Managing the business

By John Lucas

Flick-flick the wipers go
and that, too, could be seen,
like rain tonguing the windscreen, like
his Rover's beam probing fury dark.

Behind him, his office cools to yesterday,
though still he feels the pen gripped in his fist,
its nib that drove through twenty names: come
morning they'll queue in hope and he'll say no.

But now he plans her sleepy "yes", the white
neck as she bends to work and he stands there
choosing faces of men who'll plead for reprieve
while visions last his love can never fail.

This poem comes from *One for the Piano*, the latest collection by the Nottingham-based poet, critic, editor, Research Professor (at Nottingham Trent University) and jazz concert player, John Lucas. It costs £6.95 from Redback Press, 24 Aireville Road, Fazlina, Bradford BD9 4HH.

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THE DEATHS

After the years of despotism, China

Official successor has no clear rival for top job

Following the reported death last night of Deng Xiaoping, one man moves straight into the spotlight. As far back as three years ago, when China's top officials celebrated the centenary of Mao Zedong's birth, President Jiang Zemin stood proud on the podium of the Great Hall of the People.

He addressed the 10,000-strong audience, clearly positioning himself as paramount-leader-in-waiting.

Sadly for Mr Jiang, 70, the historical analogy most often drawn for him is not with Chairman Mao, nor Deng Xiaoping, but with Hu Yaobang. Mr Hu was Chairman Mao's chosen successor in 1976 – but it only took two years for Deng Xiaoping to usurp him and seize the reins of power. Mr Jiang is similarly seen by many as a transitional figure rather than a future paramount leader.

However, he should not be dismissed too lightly. Mr Deng's long decline before death means that Mr Jiang has had ample time to position himself for any looming power struggle. He has recently shown every sign of being determined to hang on to all his positions if he can.

Mr Jiang was Mr Deng's third choice as heir-apparent. The two previous candidates, Hu Yaobang and Zhao Ziyang, both reformists, fell by the wayside during the 1980s, the latter was sacked after the Tiananmen massacre, and Mr Jiang was catapulted through the Communist Party ranks to become general secretary. He was a compromise figure who was tolerable to both reformers and hardliners, and to boost his standing, was swiftly designated by Mr Deng as the "core" of the "third generation" of leaders who would steer China into the 21st century.

By 1993, at Mr Deng's instigation, Mr Jiang had also picked up the titles of com-

Teresa Poole
looks at the
man most likely
to lead China
into the 21st
Century

mander-in-chief of China's armed forces, and President of the People's Republic.

In China's opaque political system, however, job titles are no guarantee of status. Political power is more often linked to well-tested alliances and an effective client network behind the scenes. On this score, Mr Jiang is less secure. Has he the

vision to lead the country towards a more mature system of government? Many Western analysts are unconvinced.

Born in 1926 in Jiangsu province, Mr Jiang's father was a martyr of the revolution who joined the party in 1930 and "sacrificed himself early on". In the official history, Mr Jiang, "when young engaged in underground work" for the revolutionaries, joined the party in 1947 and graduated the next year in electrical engineering at Shanghai's Communications

University. In 1955, like many of his generation, he was sent to the Soviet Union, and spent six years at Moscow's Stalain Automobile Plant.

Back in China, he held administrative posts in various factories and research institutes until the Cultural Revolution, when he was sidelined but, according to the official histories, never lost his faith in communism.

Mr Jiang's rise to power started in 1982 when he was elected to the Central Committee. By 1985, he was the mayor of Shanghai. He joined the Politburo in 1987, and became Shanghai party chief the following year. He was only promoted to the Politburo standing committee in June 1989, due to his unexpected elevation to the position of party general secretary after the Tiananmen massacre.

The state propaganda machine has laboured to create an appropriate image of Mr Jiang as a man of the people. Official portraits describe him as "modest and courteous" and well-versed in classical Chinese poetry. He speaks English, Russian and Romanian, and likes art.

Foreign visitors often complained that the President rarely moved beyond pleasantries and formulaic restatements of official policy. According to one Western diplomat: "He has little grasp of detail, and the conversation jumps from one subject to the next. He likes to show off his languages, but meetings rarely yield much."

Another Peking diplomat said: "I've seen a lot of Jiang Zemin over the years. I don't think you can judge him entirely on the basis of the experience that the Westerner has in meetings with him."

"He may be a lot more effective and incisive in his purely Chinese roles. I think the verdict on him is sort of an unproven verdict."



The Great Helmsman: The late Deng Xiaoping, seen here with his granddaughter Mian Mian. His death may lead to a power struggle. Photograph: New China Picture Co/Magnum

On the military front, the president has none of the revolutionary stature of the Long March generation, and no army background. So over the past three years he has actively courted the generals, making regular high-profile visits to army units, and increasing the defence budget. The tacit support of the military will prove crucial given his weak political

base. Mr Jiang's strongest card is his official designation as Mr Deng's successor. In the short term, he will also benefit from the fact that there is no obvious alternative candidate for the top job.

The Prime Minister, Li Peng, is much hated because of his support of the Tiananmen Square shootings. Zhu Rongji, the deputy prime minister in charge of economic reforms, is increasingly respected among the new generation of technocrats, but has made powerful enemies during his attempts to cool the economy.

Qiao Shi, the head of the National People's Congress, is increasingly powerful but so far appears aligned with the President. At the moment, Mr Jiang has no clear rival.

Worrying legacy of social and economic ills

Daunting economic and social problems face China's leaders in the post-Deng era, threatening to undermine the authority of the Communist Party.

After nearly 17 years of rapid reform and breakneck economic growth, most people enjoy a much higher standard of living. But there is also widespread resentment about social ills, ranging from unemployment and endemic corruption, to the collapsing social welfare system.

The Chinese needed no encouragement to follow Mr Deng's maxim that "to get rich is glorious", but the country is now experiencing the tensions that emerge when some people get much richer, much quicker than others.

On the economic front, China is suffering all the problems associated with a rapid transition from a centrally planned system to one where market forces prevail. As one Western diplomat said: "There are a huge variety of scenarios available to choose from. There are plenty who take all the negative things, put them all together, and produce a catastrophe scenario, one in which China is going to break up, break down, central government will lose its authority, anarchy will ensue, and so on and so forth. Equally you can ... construct scenarios which show an unimpeded advance towards some status as an economic superpower, sooner rather than later in the next century."

At the moment, more than a third of the country's state enterprises are losing money and millions of workers have been sent home from moribund factories with partial pay or none.

It is estimated 40 million of the 147 million urban workers are surplus to requirements, even projections from the Ministry of

Labour speak of 268 million jobless by the end of the decade. The central government cannot allow large-scale bankruptcies because such a radical move would prompt serious labour unrest; already there are regular reports of disgruntled factory workers going on strike over deteriorating conditions, something unheard of in Mao's day.

Almost everyone lives more comfortably than in 1978, but 70 million people, mostly in rural areas, remain below the official poverty level of £20 a year. In cities, too, the contrast between wealth and poverty is striking. At the bottom of the heap are the new urban poor, whose livelihoods are tied to loss-making state enterprises.

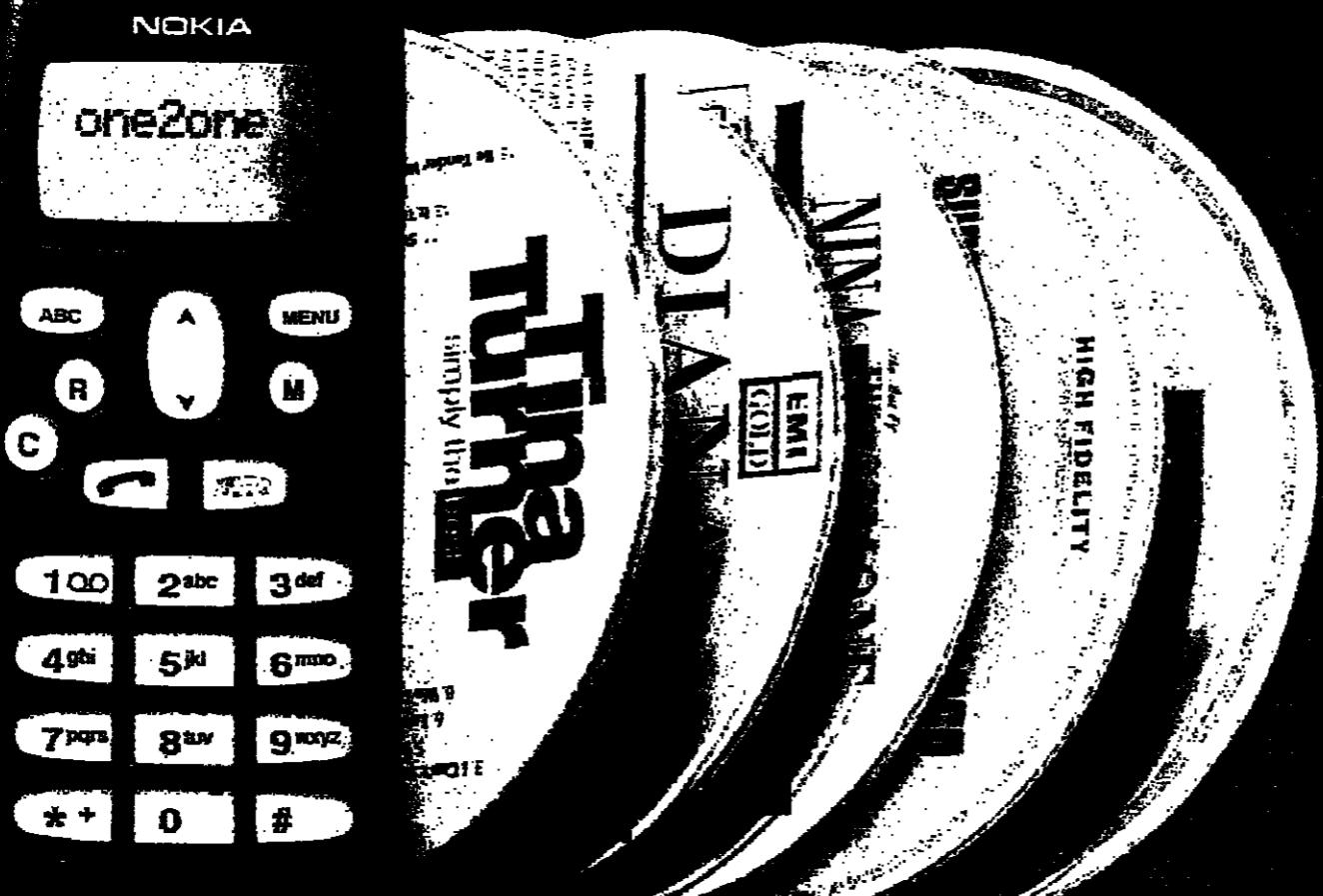
The dislocation of Chinese society has raised the alarm about a breakdown in public order. An urban crime wave, ranging from petty theft to gang violence, has swept the country, and China's streets are far less safe than 10 years ago. In response, the central government in April 1995 launched the biggest anti-crime crackdown for more than a decade, and tens of thousands were arrested in its wake.

Chinese complain even more vociferously about corruption. Despite repeated campaigns by the government and the party, economic crimes, embezzlement and bribe-taking are increasing at alarming rates. Few business transactions are carried out without something to oil the wheels of the bureaucracy.

A Communist Party document outlined some of the abuses that should be avoided: "Officials are not allowed to build private houses with public funds ... or attend banquets which could influence their decision-making process."

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China
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Defying Deng: A lone student faces the tanks in Tiananmen Square in June 1989

Photograph: Jeff Widner/AP

THE DEATH OF DENG

marches into the great unknown

He showed no remorse
for Tiananmen massacre

Reassessing the Tiananmen verdict is potentially the most politically explosive issue in the post-Deng era. "Sooner or later, there has to be a revision of the current verdict," a Western diplomat in Peking said. But any such revision of 4 June 1989, when hundreds of peaceful demonstrators were killed, is unlikely without far-reaching changes at the top of the Chinese Communist Party.

There have been repeated calls from political activists and dissidents for a rewriting of the official verdict on the pro-democracy movement.

In 1994, seven student activists involved in the 1989 demonstrations wrote in an open letter to the National People's Congress: "We believe the government's characterisation of it as a 'riot and a counter-revolutionary rebellion' is unjust and immediate should be reassessed."

There have also been petitions from intellectuals, academics and activists echoing the demand for a review and the release of those imprisoned after 1989.

Such appeals still fall on deaf ears, however. Since 1989, the leadership has steadfastly defended Deng Xiaoping's decision to send in the People's Liberation Army. As President Jiang Zemin declared: "If the Chinese side had not taken the

resolute measures then, China would not enjoy the stability it is enjoying today." Mr Jiang himself was catapulted to power in the wake of the killings.

Mr Deng has never shown any remorse for the massacre. In the third volume of his collected works, published in November 1993, he explicitly took responsibility for the order to send in the troops. "It is lucky that I was still around. The matter was handled without difficulty," he told a visitor five months after the crackdown.

In recent years, however, the Deng family have had an eye on their father's place in history. His daughter, Deng Rong, defended him: "At least in my father's heart, he believed he had no other alternative but to take this action and that it had to be taken." But she added that China's inexperience in riot control had contributed to the "tragedy". On the question of whether there could be a reconciliation between the two sides, she admitted: "That's something which will be up to those who come afterward."

Mr Deng successfully obstructed any revision of the official verdict. In 1992, President Yang Shangkun proposed a fresh look at both 4 June and the position of Zhao Ziyang, who lost his job as party secretary after appearing sympathetic towards the students. Mr

Deng blocked any such move.

In any power struggle in the post-Deng era, however, both reformers and hardliners could have a vested interest in overturning the verdict. It may be a way both to settle political scores and garner popular support. Those reformers who opposed the June 1989 military crackdown may blame Mr Deng posthumously for a misjudgement. Their aim would be to undermine the hardliners linked to the bloodshed, draw a line under the massacre, and press ahead with China's modernisation. This could lay the ground for the rehabilitation of those in Mr Zhao's camp.

On the other hand, some hardliners have reportedly been planning to discredit Mr Deng's reform policies – and those who inherit his mantle – by blaming the 1989 demonstrations on the effects of "bourgeois liberalisation".

Just as an internal party power struggle may take years to be finally resolved, so probably will any rewriting of the official version of events in June 1989. "Now it has become possible to change that verdict, but I don't see it happening very quickly. A change in the verdict will mean that there has been a realignment of forces. And I think it will take some time for that to work its way through," one analyst said.

Long journey of the patriarch

1904: Born Deng Xiaoping in Sichuan province.
1920: Left China for France on a work-study programme.
1924: Joined Chinese Communist Party.
1927: Returned to China from Moscow; changed name to Deng Xiaoping; appointed chief secretary to party Central Committee.

1933: Disciplined for disagreeing with the party line and briefly imprisoned.
1937: Political commissar, 129th division, 8th Route Army.
1945: Political commissar, Shanxi-Hebei-Shandong-Henan Military Command.
1950: Political commissar, South-west Military Command.

1952-1956: Vice-prime minister.
1953-1954: Also Minister of Finance.
1955: Joined party Politburo.
1956: Appointed party general secretary.
1963-64: Acting prime minister.
1966: Removed from party leadership and government positions.
1969: Sent to do manual labour in Jiangxi province.
1973: Rehabilitated and appointed vice-prime minister.
1974: Elected to the Politburo.
1975: Joined Politburo standing committee; vice-chairman of the party central committee; first vice-prime minister; chief of staff of People's Liberation Army.
1976: Removed from leadership.

1977: Reinstated to all posts held at the end of 1975.
1978: December. Emerged as paramount leader when third plenum of the 11th party central committee backed his policies of reform and modernisation.
1978-83: Chairman of Chinese People's Political Consultative Conference.
1980: Resigned as army chief of staff.
1982: Joined standing committee of the Politburo.
1983-1990: Chairman of Central Military Commission.
1989: Ordered Tiananmen crackdown; announced retirement from public offices.
1994: Last public sighting in February. Died 19 February 1997.

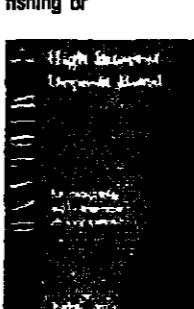
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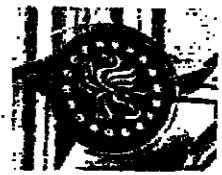
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Hope against hope: A policeman checks an Albanian's passport outside the Greek embassy in Tirana as hundreds of people queued, seeking work abroad after losing their life savings in investment scams. Photograph: Reuter

Albania on brink as the pyramid totters

Andrew Gumbel

The largest of Albania's so-called pyramid investment schemes, Vefa Holdings, appeared to be on the brink of collapse last night as it announced it was halting interest payments and setting up a schedule to reimburse investors with at least part of their capital.

The news, announced through a megaphone at Vefa's headquarters in the capital, Tirana, and confirmed by the company's president, Vebbi Alimucaj, in an interview with the Albanian service of the BBC, has the potential to create economic and political pandemonium in a country already hit by severe rioting over the past few weeks.

Hundreds of thousands of Albanians have money tied up in Vefa's investment scheme, which has been the most popular outlet by far for savers over

the past two years. As Mr Alimucaj said earlier this week: "Not a day goes by without an Albanian having something to do with Vefa."

As other pyramid schemes ran into trouble, it cut interest rates from 6 per cent a month to 3 per cent, and switched payments from hard currency to the Albanian lek. But yesterday was the first time it halted payments altogether. The collapse of Vefa's investment arm would raise urgent questions about the creditworthiness of its other overt activities, which include hotels, restaurants, supermarkets, chicken farms, ferry services and bitumen production.

Western intelligence sources say it also risks sparking a kind of turmoil that will make the looting, burning and street battles of the past few weeks look like a children's tea party. Vefa is suspected of controlling major interests in arms and drugs

smuggling and its collapse, according to the intelligence sources, runs the risk of sparking an armed conflict between rival mafia gangs seeking to pick up the business it leaves behind.

The immediate reaction was muted yesterday, as the news took some time to trickle out. There was a brief spasm of panic outside Vefa headquarters as investors feared they would lose their money altogether, followed by calm as they were told to start coming back today to claim their capital.

The company said it would make lump-sum payments immediately to anyone who had invested up to \$5,000 (£3,125), gradually repaying those with capital up to \$20,000. It was not clear what would happen to those who had invested more. Mr Alimucaj recently said his company had assets of \$600m. Its liabilities, according to diplomatic sources, could be three times that.

The growing conviction that Vefa is on the brink of bankruptcy sparked political manoeuvring over the past few days. President Sali Berisha, whose Democratic Party has near-total control of the levers of power and the institutions of state, has gone on a tour of the country to make personal contact with the people and make extravagant promises such as the abolition of tax in some areas for the next two years.

He has tried to sound tough as well as tender, making clear the government can only repay assets frozen from failed pyramid schemes, not bail out the population from its own overstretched resources. But the aim of the tour is clearly to save his own political hide and distance himself from his own government.

A growing throng within the Democratic Party is demanding sweeping changes. A memorandum presented at a meeting of the party's National Council by a prominent group of parliamentarians last week called for the dismissal of the government and its replacement by an emergency cross-party administration, the departure of Mr Berisha from the party in the interests of bolstering his presidential impartiality, and a postponement of next month's presidential election pending a full political resolution to the crisis.

Mr Berisha, who has put out discreet personal feelers to the opposition in recent months, is said to have agreed with every point except the one concerning his departure from the party. The former Democratic Party chairman, Edvard Selami, who has spent the past two years in exile in the US after his fall from grace in Albania, returned home on Friday and is believed to be engaged in discussions about the possibility of his heading a transitional cross-party government.

significant shorts

Whitewater investigation continues, says counsel

Whitewater prosecutor Kenneth Starr moved yesterday to quash speculation that his departure means the investigation involving the Clintons is over, calling such guesswork wrong and dangerous.

"The reality is this: this investigation is active and it is at a sensitive stage with ongoing evaluative judgments. Those judgments have not been made," he said.

Mr Starr, the independent counsel who has been investigating business controversies and related cover-up allegations involving President Bill Clinton and Hillary Clinton since August 1994, issued his caution in a speech to lawyers in Washington.

Reuters - Washington

47 bodies pulled from mudslide
Peruvian rescue workers have so far recovered 47 bodies from the site of a mudslide that buried two remote Andean villages, an official said. Fausto Vivanco, of the Abancay mayor's office which is coordinating the rescue, said: "There are unrecognisable bodies. We have a long list of people who have disappeared, but identification of the 47 corpses is difficult."

Reuters - Lima

Vietnam colonels to visit US

Vietnam is sending a military delegation to the United States in a step toward possible future strategic cooperation between old enemies, the Pentagon said.

"Vietnam retains a large military that is in the midst of a modernisation effort," the Pentagon said in announcing the visit this month of six senior colonels from the Vietnamese Defence Ministry. "There's a natural basis for exploratory discussions regarding strategic issues of mutual interest."

Reuters - Washington

Pakistan bans mixed dances

Pakistan's new government ordered a ban yesterday on what it called "mixed" dances of men and women together on state-run television as part of its plans to promote Islamic culture. An official statement said television officials were told that the new government's priorities were different from those of the previous ones. This appeared to be a reference to liberal trends introduced under former prime minister Benazir Bhutto to counter the popularity of foreign satellite channels.

Reuters - Islamabad

Ciller survives impeachment vote
The Turkish parliament voted against sending Deputy Prime Minister Tansu Ciller to the Supreme Court for investigation into the sources of her considerable personal wealth. Deputy Speaker Kamer Genc said deputies voted 270 to 263 not to impeach Ms Ciller on allegations that her wealth was a result of illegal enrichment. It was the third and final corruption charge vote against her this week.

Reuters - Ankara

Croatia defies tribunal

Croatia yesterday challenged the Yugoslav war crimes tribunal's authority and refused to hand over documents that might shed more light into atrocities against Muslims.

The stand-off underscored the already strained relations between the Croatian government and the tribunal, which says Zagreb's failure to cooperate is hampering efforts to bring accused war criminals to justice.

"If we don't move forward with real cooperation, this tribunal will be crippled," Judge Gabrielle Kirk McDonald warned.

AP - The Hague

Not guilty plea at genocide trial

Two former senior Rwandan officials pleaded not guilty to genocide and crimes against humanity in their first appearances before the troubled UN tribunal into 1994's mass slaughter. Anatole Ngendiyumva, a colonel in the former Rwandan army, and Ferdinand Nahimana, a former director of extremist Radio Miles Collines, appeared separately before the tribunal in north Tanzania.

They were the most senior former officials to plead not guilty to genocide and crimes against humanity in their first appearances before the UN tribunal into 1994's mass slaughter. Anatole Ngendiyumva, a colonel in the former Rwandan army, and Ferdinand Nahimana, a former director of extremist Radio Miles Collines, appeared separately before the tribunal in north Tanzania.

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A slip of the tongue, and the choice is easier

What a performance. Her Britannic Majesty's Principal Secretary of State for Foreign Affairs flies out. Before he has taken off he succeeds in demonstrating his party's terminal divisions on the subject of Europe. While there he gives a blue-ribbon demonstration of the coarseness and sheer lack of imagination in British official thought about Europe's foremost power. His tongue slips on the *Today* programme, causing Prime Minister and Chancellor hours of unwanted scampering and spinning. When he gets to Bonn he proceeds to lecture the Germans on, of all things, the beauties of nationalism. The mandarins of the Foreign Office, pillars of intellectual distinction, garnish his speech with a cliché of Immanuel Kant purloined from Isaiah Berlin and the only phrase sixth-form students of German ever learn from Martin Luther. Mr Rifkind, well briefed, manages to discuss the constitution of the federal republic without once ever mentioning that it is exactly that – federal. The fact that Germans think of European integration in terms of a concept of statehood which is historically and semantically quite different from the one current here escapes our man in Bonn.

But of course this was not really intended to be a speech addressed to the Konrad Adenauer Stiftung. It was a sorry attempt by a big man to raise his personal profile for the sake of party

posturing in the post-election stakes. Every time Mr Rifkind does this, he becomes a smaller man. As the *Rheinische Merkur* observed before Mr Rifkind arrived, this speech was never intended to educate the Germans and the Swedes and the Danes. It was really an address to the British electorate. He would have saved the taxpayer a return air fare if he had simply got on the train for Lime Street and made his pitch to the electors of Wirral South.

Let us immediately scotch the idea that there is something improper about Malcolm Rifkind crossing the North Sea to harangue foreigners. The old protocols about what ministers should do abroad were always prissy. It actually serves the cause of Europe well for nation-state politicians to seek to build trans-national alliances, and to comment upon each other's affairs in public. For Mr Rifkind to drop a crude hint that he favours Wolfgang Schäuble's position on European integration when Herr Schäuble is being brought as a replacement for Chancellor Kohl does no harm. We would welcome Klaus Kinkel coming to London to embarrass the Tories by pointing up the burgeoning gap between our Chancellor and Foreign Secretary – not a difficult thing to do, of which more anon.

But visitors, especially Secretary of State visitors, owe their hosts a duty of historical attentiveness. It was not just Mr Rifkind's complete failure to grasp



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the way the Germans live federalism that makes them so unworried by attaching powers to a European centre: the view of integration taken in Munich or Hamburg is heavily and properly skewed by the already-existing federal relationship between *Länder* and Bonn/Berlin. It was also his sheer lack of geo-political imagination. He says to the Germans: no, you cannot have European integration as presently conceived, that is bad for your national health. But there is nothing else for you either, save a utopian vision in which selling Mercedes-Benz cars becomes a recipe for universal peace

and brotherhood. British politicians really must learn that if they are going to engage the attention of Germans they have to address their deep need to build their country in to Europe, to a network of alliances, to a destiny. If they are to argue convincingly that Chancellor Kohl's project for Franco-German rapprochement (a.k.a. European Monetary Union) is to be rejected or deferred *ad interim*, there has at least to be the beginnings of a suggestion for what replaces it. The German political class is, it must be said, confused and uncertain about whether there is such an alternative. Constructive thought

from a British politician – *mirabile dictu!* – would be welcome.

But of course it is daft to expect originality from a Conservative politician at this point in the party's history or this stage in the electoral cycle. Votes and position are all; the long-run interests of the country be hanged. According to John Major we have no need of exegesis on the Government's position on a single currency; wait-and-see ambiguous, but straightforwardly ambiguous. However, Mr Rifkind yesterday set out to see how much clear blue water he could put between himself and Labour. Instead, no sooner had light streamed through the windows of Broadcasting House than he had set off on an explosive device. We are, he said, *hostile* to single money.

Welcome the bang. It clears the air. Labour, per Robin Cook, has committed to a position which can be summarised as "empirical judgement on a nearer AD 2002". Malcolm Rifkind in effect says "never". If John Major were Jimmy Carter he would doubtless admit that he *usted*, after the Rifkind/Redwood position in his heart. So where on earth, let alone clear blue water, does that leave Kenneth Clarke? Waving and drowning? Behaving as you might imagine someone to behave who is witnessing his party slip further and further away from him but has not yet mustered the courage to articulate the difference?

The trip to Bonn was not therefore wasted, however little good it did the Germans. The nature of the European choice before the British people this spring became clearer. Labour, in its present buttoned-up mode, makes few slips of the tongue – witness the blandness of Gordon Brown's presentation in New York yesterday. Without slips of the tongue, its European position is friendly. The Tory stand, as Mr Rifkind revealed, is antipathetic. The choice becomes that much easier.

A legal spanner in the works

When should people be free to mutilate their consenting friends? As far as the law is concerned, never. That is why it would have been absurd for the European Court to do anything other than support the convictions in the Operation Spanner case. How could a court decide where consent ended and coercion began? Impossible.

But the real lesson of this case is that it should not have been brought to court. No one complained of an offence being committed. No other person's decency or privacy was invaded. No one was prevented from complaining by fear or intimidation. Better to have left it behind closed doors.

What we can learn from Doncaster

Sir: Your leader ("Doncaster – a case for stronger councils", 18 February) rightly states that "whichever party or parties take power at the election, they confront a common task: the re-establishment of government in popular affection".

Labour's agenda for local government involves a combination of democratic reforms, new duties and responsibilities and strengthened audit powers, to ensure quality services and good value.

The Government's approach, in contrast, has been to dictate to local authorities, telling them what to do and how to do it. This is an attack on the very strength of local government – its ability to reflect the diversity of each locality.

Under a Labour government there will be a new relationship between local and national government, one based on respect and partnership rather than, as at present, dictatorial rule.

HILARY ARMSTRONG MP
Shadow Local Government Minister
House of Commons
London SW1

Sir: Doncaster is undoubtedly not the only Labour council to keep Tony Blair awake at night. As your leading article implies (18 February), the problem is rooted in having one party in power for generations faced with little chance of defeat.

Tony Blair's current response to embarrassingly left-wing or corrupt Labour councils is to retain Tory shackles on local councils such as capping.

The best way forward for the Labour leader is to abandon the first-past-the-post system in favour of proportional representation. This would be the best guarantee that situations such as Doncaster become a thing of the past.

DAVID RENDEL MP
(Newbury, Lib Dem)
House of Commons
London SW1

Sir: If the alleged excesses of Doncaster Council are to be put down to the effects of municipal one-party rule and the absence of an effective opposition, the Conservative Party must take its share of the blame.

Not only do the Conservatives come a distant third in council elections across most of South Yorkshire, but in whole swathes of the county they are unable even to field a candidate. This is a disaster for everyone who believes in local democracy.

The result of this Tory meltdown is that Labour candidates are now elected unopposed in many South Yorkshire council wards. It was not always thus. In 1968 the Tories took control of Sheffield City Council and throughout the 1970s and much of the 1980s formed a large and vigorous block in the city. They now have a single councillor.

Tory party managers must urgently reflect on the wisdom of an electoral strategy which has sacrificed their party at a local level in the North of England, Scotland and Wales in the hope of hanging on to national power in perpetuity with the votes of suburban, mostly southern, England.

Councillor PAUL BOWER
(London Borough of Hounslow, Lab)

Hounslow, Middlesex

Sir: I don't know how you can get the impression (leading article, 18



February) that "Labour's exercise of power locally is carefully hidden from view".

It might be hidden from those whose only contact with their Labour council is paying their council tax by direct debit. But it is certainly not hidden from the 60 per cent of people in a borough like Islington who have the council as their landlord or depend on its services. Their quality of life is crucially, and on a daily basis, affected by the inefficient and often inadequate treatment they receive.

Nationally, we're told, they're a different party. But what is a party nationally but the sum of its local parts? Local government has more impact on many individuals' lives than national government.

I am not one who shares what you describe as a "consensus" that a quick fix of elected mayors and a stronger ruling council will do the trick. Indeed, those proposals might intensify the fundamental problem, which is the arrogance of patronage, concentration of power and top-down rule inherent in Labour's political heritage.

Councillor SARAH LUDFORD
(Islington, Lib Dem)
London N1

Clean your trains

Sir: Stagecoach might recoup some customer goodwill lost over the cancelled South West trains ("Minister labels rail company 'inept over cuts'", 18 February) if it took the opportunity to clean them while they are in the depots with no drivers. It does not seem to have done much of this since taking over.

Dr R M LOGAN
Walton-on-Thames, Surrey

Other ways to treat depression

Sir: It is not often I am persuaded to use the adjective "irresponsible", but I fear I must for the article written by Oliver James on SSRI antidepressants and their use ("The Blue Nineties", 11 February), and in particular the suggestion that any other pharmaceutical management of depression should not be tolerated.

Let us examine the proper facts, as outlined in *The Treatment of Depression in Primary Care*. This document reviews 162 worldwide research papers on depression.

Fact 1: Cognitive therapy has been shown to be as effective as other treatments of depression in primary care.

Fact 2: There is no significant difference in efficacy or compliance with treatment between tricyclic antidepressants and SSRIs. Compliance is clearly related to acceptability by patients of the effect of the drugs.

Fact 3: Shift to use of SSRIs as first-line drugs for depression would cost the NHS an additional £100m per year for no greater clinical outcome.

SSRIs do have a place, but not the one advocated by Mr James. They are highly effective where phobic symptoms are a feature and in eating disorders. However, if Mr James and his ilk were to have their way, there would be far fewer resources to employ the therapists

and mental health staff he also advocates using.

There is also one further fact he omitted. Paroxetine, one of the SSRIs, produces withdrawal reactions on cessation. This implies dependency can occur. I remember similar newspaper articles in the 1970s to that of Mr James's, talking about the wonder drugs of Valium and Librium... and we all know where that sorry episode ended.

Dr JOHN OLDHAM
Glossop, Derbyshire

No avoiding the euro

Sir: Why are we allowing MPs to run the euro debate? What they mean by sovereignty is that having removed layer upon layer of local government, with which many of us felt reasonably comfortable, they are now realising that it is their turn. Will they, as a final act of defiance, try to damage the introduction of the euro?

That business in Europe and a great deal of world trade will be conducted in the euro is inevitable. That the majority of British-based businesses will turn to it is certain. That employees will put their savings and pensions into the euro instead of a declining pound will be prudent. That more and more business will be conducted electronically in one of the three major trading currencies is unstoppable.

The sensible approach is to acknowledge the inevitable and get ourselves into the driving seat.

ROBERT PRENDERGAST
Beckenham, Kent

Sir: Your leading article on the European Social Chapter (10 February) displays the common misconception that a level playing field in social protection is necessary to achieve fair

competition within the European Union. This was indeed one of the reasons put forward in support of the inclusion of Article 119 (on equal pay for men and women) in the Treaty of Rome. However, the competitiveness of a company or industry is influenced not only by cost of labour, but also by

numerous other factors such as the availability of a skilled workforce.

The real reason for insisting on minimum labour standards is not an economic but an ethical one – the protection of the workforce from exploitation, to which the lack of commitment by our present government is outrageous.

KELYN BACON
European University Institute
Florence

National Parks: own worst enemy

Sir: Stephen Goodwin, in his report on the National Parks ("Business ploughs a green furrow", 17 February), helps to perpetuate the Parks myth by referring to them as "England and Wales's finest countryside". This is nonsense. The

National Parks are, for the most part, upland areas, prone to a hostile climate at almost any time of year, and with very little of what the average Briton would class as "country life".

The Parks are their own worst enemy. By so labelling themselves, they invite day-trippers. But their upland terrain seriously restricts communications, so that tourists in (for example) the Yorkshire Dales who wish to travel north-south are limited to just two or three single-track roads linking one village to the next. Likewise, the various passes in the Lake District.

The best of the countryside is, perversely but perhaps fortunately, in those areas which are either more discreetly labelled (Areas of Outstanding Natural Beauty, Environmentally Sensitive Areas) or not labelled at all. Shropshire and Dorset come immediately to mind.

The sooner we debunk the myth of the National Parks, the better. The Scots, remember, have no National Parks at all. If they feel no need for them, why do we hang on to this idea in the South?

AD EVANS
Nottingham

Be fair to Danes

Sir: Further to Andreas Whitman Smith's article, "What the archives reveal about stolen treasures" (18 February),

Do justice to the Danes! To my knowledge, the small Jewish community of Denmark survived almost entirely because the Danes largely resisted collaboration with Nazi Germany.

AXEL SCHEFFLER
London SW2

Backward steps on adoption

Sir: The High Court judgment on the tragic case of Edita Keranovic has highlighted how complicated adoption can be, and how information and advice for all parties involved in this difficult area is desperately needed to safeguard the interests of children ("Family furious as judge says baby must stay", 18 February).

In the light of Stephen Dorrell's announcement on Monday that adoption is to be made more open and independent, the imminent closure of the Overseas Adoption Helpline due to sudden withdrawal of government funds is to be deplored.

The helpline provides the only source of accurate, independent advice available to social workers, lawyers and other professionals, as well as would-be adopters struggling through endless red tape both here and abroad.

It is incongruous that amid government declarations of desiring local authorities to become "enablers" rather than "providers", the Department of Health should now decide that such a valuable information service be provided by local authorities – which are under no statutory requirement to provide assistance with inter-country adoption enquiries – rather than by an independent voluntary organisation.

PETER THURNHAM MP
(Bolton North East, Con)
House of Commons
London SW1

Sir: I am disturbed by the decision of the Family Division in the case of Edita Keranovic, reported by Jojo Moyes. Surely the interests of the child would be better served by returning her to her natural family.

During the Nazi occupation of Europe, many Jewish children were hidden with Gentile families. At the war's end there were real problems when it came to returning these children to those of their natural families that had survived the Holocaust. Indeed there are cases of children who refused to return or of Gentiles who refused to give up their charges.

In 1945 European Jews were desperate to find their missing relatives, to know who had survived. Their anguish can only be imagined when, having located their children, they found that their precious offspring had been alienated from them, with devastating consequences for the future.

ERIC RENDEL
Edgware, Middlesex

Into battle for Hastings

Sir: As a frequent visitor to Hastings, I feel bound to defend the town after the distorted picture painted by Nicholas Roe ("Wrong time, wrong place", 18 February).

No mention was made of that unique charm found in the old part of town: the squealing gulls, the fishing activity and collection of old buildings around steep streets. Clambering up them brings the visitor to fine views of the bay, the ruins of a castle and a lively smugglers' museum.

Attractions such as these and the Sea Life Centre are all more genuine than the tacky Vegas-style offerings in other coastal towns. MARK GREY
Sidcup, Kent

Post letters to Letters to the Editor, and include a daytime telephone number.

Fax: 0171-293 2056; e-mail: letters@independent.co.uk).

E-mail correspondents are asked to give a postal address. Letters may be edited for length and clarity.

كما من الأصل

John Major is going to open the debate in the House of Commons over Scotland and the constitution today. He will raise the flag of the Union, which he believes won him the last election. And he ought to know. He intends it will win him this one too and dispatch Blair to the purgatory of opposition. The hard game commences. As it does Labour must project confidence in the principles of its commitment to reform. Otherwise Major could be proved right. The constitution is not its winning issue, but it can be a losing one.

Blair knows how to be an eloquent advocate of reform. His speech to the Labour Party conference as shadow Home Secretary before John Smith died and his Cardiff speech in his campaign to win the party leadership were not drafts produced by speech-writers for a busy leader more interested in other matters. The article that appeared over his name across three full pages of *The Economist* last autumn, passages of which are clearly in his voice, ranks as one of the best arguments of need for the constitutional reform of Britain. Major's inability to reply was a notable failure. In the battle of ideas a clear victory has gone to the swelling ranks of radicalism.

Constitutional reform is not, however, a popular issue in England. Even though many reforms receive very high degrees of support (in the case of freedom of information an astronomic 80 per cent), they are not voters' prime concern. Only in Scotland, with its deeper constitutional culture, does the electorate sense a connection between reform and the delivery of better social and economic growth. Across the rest of Britain, reform can only become genuinely popular when it happens.

Labour wants to fight the election on other issues. The Government does not. And the Tories have spotted a weakness: Blair and his advisers have measured the fear of change that resides in the bosoms of swing voters. Of course, such voters desire some change, or they would not be swinging. To make sure they do not swing back Blair feels obliged to reassure them they need not fear a change of government.

Some say that in *its* fear of the fear factor, New Labour risks destroying the hope factor of millions who positively want change. This could demobilise existing support. The Tories see a different, intrinsic



Blair's fear of the fear factor

The Tories plan to frighten the nation into spurning constitutional reform. But, argues Anthony Barnett, backing down in the face of hostile fire could prove fatal for Labour

vulnerability. By targeting Labour's fear of fear, they could expose it as a coward's strategy that no talk of strong leadership will dislodge. If they succeed, Labour will emerge as genuinely dangerous or pusillanimous, or both. Pendulum voters will then return.

The Tories will claim that Labour *naïve* will destroy all we love best. That New Labour threatens the unity and coherence of our country with its half-baked plans. That concessions to Scots with a parliament and

to minorities with a bill of rights will arouse but not satisfy the beneficiaries. That such reforms will provide light without warmth and lead to demands for the fire next time. Once put to the torch, our institutions will burn out of control.

And what will Labour reply? Cool it, is the advice Blair will receive. Arouse no expectations; neither alarm nor palpable hearts in the marginals. Let the issue wither and focus on education, health, jobs and crime. Just tell the Conserva-

tives that they are being silly.

In one sense such advice is right. Tragically, perhaps, voters still feel that issues of power, sovereignty and how the country is run, belong to "them", especially them with wigs and funny voices. But the Tories may well be right as well. They are more than used to rehearsing the supposed irrelevance of constitutional issues. They are Conservatives. They want the nature of the system kept to the margins of democratic politics. The long, historic silence was their first line of defence against mass suffrage. How is it, then, that those who are best at proclaiming the constitution's irrelevance now see it as an election-winning issue?

This is how they calculate it.

The swing voter does not see all that much difference between the parties, except that Labour is new. We deserve a change, and while Blair is untried he can be trusted. As the constitution is the one issue where Blair has offered something different, it must be spun to show that Blair can't be trusted. If the Tories hammer at the issue, Labour could break and

run. Then the people will be aroused.

Through its fear of the fear factor Labour could be panicked – this is the Tory strategy – into proclaiming that its reforms are not radical. That they mean only a slight degree of change. That the sacred spirit of our historic settlement will be safe in its hands. That the intention is only improvement and in no way replacement, with horrid, continental style written documents. Then it will be ambushed with the quotes from Cardiff, from Smith, from Brown, advocating the need for a "new settlement". Confusion will be sown in Labour ranks.

Such a Tory ambush could be effective because the constitution does touch the unity and destiny of the country, our nature as a society, our character as a nation. Knowing this, they will exploit it. If Labour denies that it is seeking to reform the system as a whole – if it projects reform as technical, complicated and piecemeal – then the Tories will, in their defence against any tampering, speak out for the spirit of the whole.

Fought out in these terms,

the Conservatives would have two decisive advantages: the truth and a clear message. The British constitution is not a technicality. Change a part and you do indeed put the whole at risk, for it is a seamless web spun by the absolute sovereignty of parliament. Therefore Labour needs to justify the reforms it wants and say how it will lead the country in a fast-changing world.

He and Gordon Brown believe that the state is needed to help enable sustainable growth. A Fabian then? Blair has rejected "incrementalism", and it was old Labour that held that the man in Whitehall knew best. Liberalism? Blair rarely uses the word liberty. His political attitudes are communarian rather than individualist. Obviously he is not a leftist who believes in a take-over from below. He is not – certainly not yet – a conservative parliamentarian who regards our institutions as embodying the wisdom of the ages. He sees the need for new answers and the redundancy of the old methods of arriving at them.

But what kind of change does he want? Fear of the fear factor, it seems, has silenced any answer. It is unanswerable the case that his approach is sweeping and ambitious because he has so described it himself. But what laws of motion is he seeking to unleash? With Thatcher we knew the answer. Change for her came from the market. Free the market, and wealth could be produced and trickle down.

Blair is not a free-marketeer.

contemporary democratic agenda does mean a new settlement. Is this what Labour wants? Deny it, and they are caught. Accept it and they will have to explain themselves.

There are only two ways of gaining a new settlement. Either all at once, in a single constitutional revolution, or step by step. Labour was right to reject Liberal-Democrat demands for a "Big Bang" on the constitution. Its alternative is a process of deliberate change.

Two kinds of change are on offer. One from the Conservatives, only they will not say so, and the other from Labour provided it dares to say so. The first, the traditional Tory one, is adaptation in order to remain the same. The second, the New Labour one, is alteration in order to become different. The motivation for the first is that we are already the best and simply need to keep our superiority intact. The motivation of the second is that we have fallen behind and need to change the relationships between government and society.

In *Beyond Left and Right*, the sociologist Anthony Giddens calls this second kind of approach "realistic utopianism". Adapting Karl Popper, I prefer "transformative engineering". Whatever the name for it, the broad meaning is clear. As a species we are becoming responsible for our planet while class divisions harden on a world scale. A global response is essential to overcome the dangers and gain the benefits of our new capacities. In these circumstances, both decentralisation and regulation are essential for the achievement of common objectives that retain the competitive creativity of an open society. It follows that we need to establish ambitious goals while taking simple, tangible steps to achieve them. Let's call it purposive evolution to contrast it with conservative preservation.

When Blair's advisers tell him to fear the fear factor they say people lack trust. However, people trust themselves much more than they trust any politician. There is a word for this: democracy. If Labour's constitutional reforms mean anything, they mean more and better democracy. It should not be afraid of saying so; it needs to give purpose to its method.

A first rebuttal of John Major's constitutional assault is within Labour's means. Britain needs reform with consent that draws on the traditions of liberty and democracy. Consent means decentralisation and accepting difference (eg in Scotland). Power is to be shared, not monopolised. Uniformity and secrecy are British diseases, not successes. A freedom of information act will help to prove this as it begins to cure it. The process needs time and must place confidence in the people. If Labour is too afraid to say this then, indeed, it should never have embraced reform in the first place.

The writer is director of the Birkbeck College Sovereignty Seminar.

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Vote for us and mind your own business

One of the reasons that investing talk is so baffling and so dreary is that it has fallen into the hands of journalists (who see it as a kind of confrontational soap opera), psephologists (who see it as a once-in-five-years chance to get vastly over-excited) and politicians (who see it as another chance to lie their heads off). So today I have summoned one of our top business experts, Sir James Lee Harvey-Oswald, to give a businessman's slant and answer your questions in a refreshingly businesslike manner. All yours, Sir James!

I am seriously thinking of investing my vote in one of the parties at the next election, but I do not want to enter into any agreement that I might later regret. Do you have any advice on what sort of contract I should look for?

Sir James Lee Harvey-Oswald writes: Oddly enough there is no contract to be signed. It is all done by verbal agreement. When you have voted, you have given the

winning party your full approval to do whatever they like with your money for the next five years and there is nothing you can do about it. They do not have to consult you thereafter and they do not have to get your approval. They can buy or sell anything of yours they like ...

What do you mean by anything?

Sir James Lee Harvey-Oswald writes: I mean anything they can get their hands on. Water, railway systems, arms to Iraq ...

They have been selling railways to Iraq?

Sir James Lee Harvey-Oswald writes: No, just weapons. Should they have been doing that?

Sir James Lee Harvey-Oswald writes: No. But then they said they weren't.

Why did they say that?

Sir James Lee Harvey-Oswald writes: They were lying. Oh dear. How did they justify that?

Sir James Lee Harvey-Oswald writes: They didn't. They just said afterwards that they hadn't been lying.

So they lied about having lied?

writes: Certainly. It is called a manifesto, and it sets out the party's promises and commitments.

And if the party I give my vote to gets into power, will it carry out this programme of promises?

Sir James Lee Harvey-Oswald writes: Not usually. It would be considered quite odd, not to say suspicious, for a political party to carry out its election programme.

Why?

Sir James Lee Harvey-Oswald writes: Because an election manifesto is exactly what it says it is – a manifesto which enables it to win an election. When the election is good and won, they can put other ideas into practice.

But surely if a party fails to abide by its own manifesto, it is guilty of fraudulent practice or uttering false promises or something, isn't it?

Sir James Lee Harvey-Oswald writes: Yes. Every party issues a prospectus of undertakings before an election.

Ah! This sounds more like it! Can I get hold of it?

Sir James Lee Harvey-Oswald writes: Yes. So you could sue them or take them to court?

Sir James Lee Harvey-Oswald writes: No. Why not?

Sir James Lee Harvey-Oswald writes: More of this enlightening interview tomorrow, I hope.



Miles Kingston

Sir James Lee Harvey-Oswald writes: Yes. So you can see that there wouldn't be much point in entering into a contract with them because you couldn't trust them anyway.

Oh, well, don't they put anything in writing at all?

Sir James Lee Harvey-Oswald writes: Oh, yes. Every party issues a prospectus of undertakings before an election.

Ah! This sounds more like it! Can I get hold of it?

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business & city

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BUSINESS & CITY EDITOR: JEREMY WARNER

Exposed: Who gets what from Eversholt's great gravy train

Chris Godsmark and Peter Rodgers

The storm over rail privatisation intensified yesterday when it was confirmed that four directors of the rail leasing company Eversholt, along with senior venture capitalists, were to share a £50m cash bonanza from the group's sale to the HSBC banking giant.

In addition, a wide range of investors including the Metropolitan Museum of Art in New York, an investment account run by Wolverhampton Borough Council and the California, Utah and Massachusetts Institute of Technology pension funds will share indirectly in the bonanza.

Top of the list of personal windfalls was Andrew Jukes, Eversholt's managing director who invested £10,000 in the buyout, and will receive a total of £16.5m in cash, of which £6m goes to a trust fund set up for his three children.

Senior executives of two venture capital firms, Candover and Electra Fleming, will share up to £6m of immediate profit for a personal investment totalling less than £45,000, and further gains - running into millions - in future years.

Eversholt was sold to its management last February for £880m, but just a year later it has been bought by HSBC for £726.5m, an increase of £14.5m over the sale price. After a change in the financial structure,

the actual gain was £386m for the shareholders, who put up a tiny £2.5m for the ordinary shares just over a year ago.

The move follows the huge public outcry over the sale of Porterbrook Leasing, another rolling stock company, to Stagecoach last year for £225m. The Porterbrook affair resulted in profits of £200m and netted £3m personally for its managing director, Sandy Anderson.

The individual windfalls in the Eversholt sale are slightly smaller, but still represent a 15,000 per cent increase on the price paid in the management buyout last February. The £726.5m paid by HSBC includes the repayment of £273m

of debts and a further £67.4m to pay off preference shares held by venture capital funds.

One senior director of Eversholt has lost out on the cash bonanza, however. Hugh Griffiths, the former commercial director, is to depart in the next two or three months, pocketing £12.1m based on his last documented £20,000 stake.

Peter Harper, Eversholt's chairman, has also resigned from the group with immediate effect. A former senior Hanson executive, his one-year stay at Eversholt has netted him £2.9m from a stake of less than £20,000.

Of the profit made by venture capitalists, up to £5.5m was made by Electra Fleming's management team, chaired by Michael Stoddart. Their stake is

not run smoothly. We went against the grain at the time and took the risk. It's paid off."

Last night it emerged that Colin Habgood, finance director, is to depart in the next two or three months, pocketing £12.1m based on his last documented £20,000 stake.

Peter Harper, Eversholt's chairman, has also resigned from the group with immediate effect. A former senior Hanson executive, his one-year stay at Eversholt has netted him £2.9m from a stake of less than £20,000.

Of the profit made by venture capitalists, up to £5.5m was made by Electra Fleming's management team, chaired by Michael Stoddart. Their stake is

believed to comprise a large part of the 36,665 Eversholt shares held by a company called EF Nominees Ltd. Electra Fleming is the management company of Electra Investment Trust, which has the former defence secretary Tom King on the board.

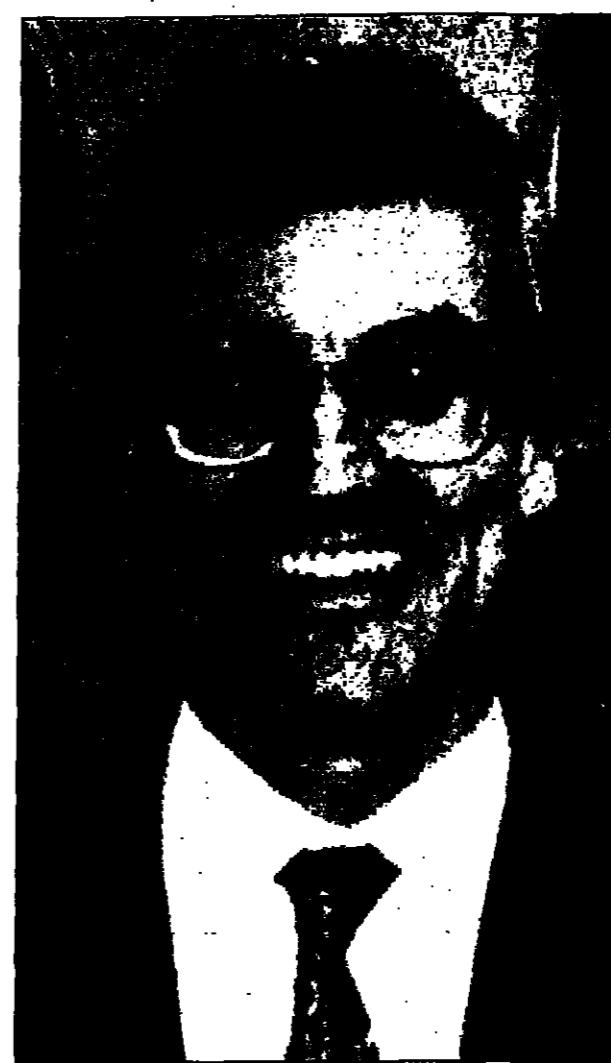
A further £1.2m was made by Candover's management, which is chaired by Roger Brooke, with Stephen Curran as chief executive and Gavin Fairhurst as his deputy. Of the £1.2m, £375,000 was made by Colin Buffin and Robert Clark, who are on the Eversholt board.

The Candover and Electra Fleming venture capital teams stand to gain millions more in future years from a share in the £200m profits made from the deal by partnerships their firms manage on behalf of other investors. Candover was the lead investor in setting up the Eversholt buyout from British Rail.

Executives including Mr Stoddart are entitled to a 10 per cent share in the profits made by Electra Fleming Equity Partners, which made £104m profit on a £696.000 investment.

The executive profits kick in above above an unspecified threshold level of return.

Candover has a similar arrangement for its executives, who share in the profit - above a threshold rate of return of 10 per cent - made by private limited partnerships managed by the company. In 1995, execu-



First-class return: Andrew Jukes, who invested £110,000 in the buyout and will receive £16.5m in cash

tives shared £18m in profits from the investments of a 1989 Candover fund. It is through these partnerships that many other investors including the Metropolitan and Wolverhampton share in the profits.

HSBC's leasing arm, Forward Trust Group, argued yesterday that it had paid a "fair market price" for Eversholt. Asked why it had not made a bid during the original privatisation last year, Graham Picken, chief executive, said: "At that stage privatisation was very much in its infancy. The situation has now changed enormously."

Comment, page 21

FirstBus in £54m takeover of London bus group

Magnus Grimond

Some 2,000 employees in CentreWest, a London and Home Counties bus group, will share in a £7m windfall after the group agreed a £54m takeover deal with FirstBus the rapidly expanding bus and railways group. The acquisition will also net around £9.7m for four CentreWest directors, led by Peter Hendy, the managing director.

The payments, all to be made in FirstBus shares, represent a rapid return for the management team, which headed the £25.6m buy-out of the business

when it was privatised in September 1994. The four put up around £250,000 and will now share in 51 per cent of the £19m being paid by FirstBus for the equity capital.

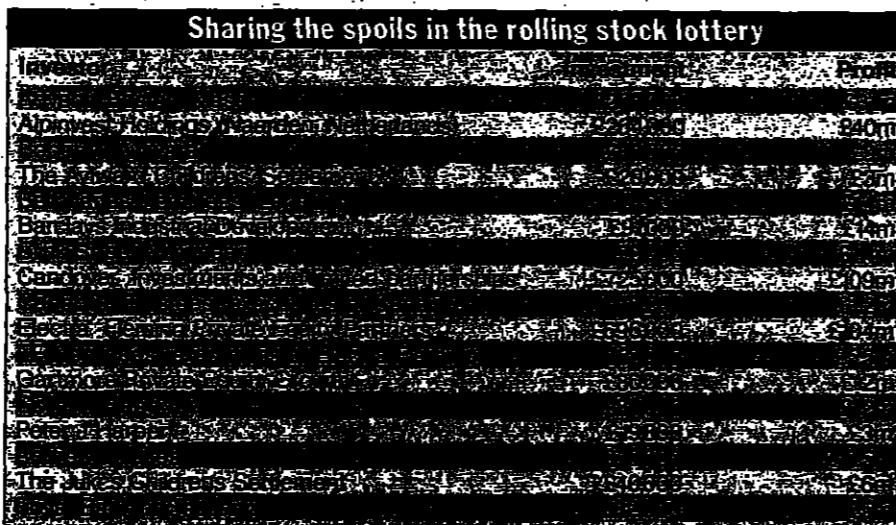
But Mr Hendy said last night

the business was not comparable to the group as it is today, which as well as the original bus services in west, central and south-east London, acquired the Berks Bucks Bus Company for £7.65m last year and is a member of the consortium which won the bid for the £200m Croydon tram project, where CentreWest is to be the operator. Profits, which were £5.8m in turnover of £44m in the year to March, have nearly tripled since privatisation. Pro forma sales, including acquisitions, is currently running at around £60m.

Mr Hendy said he could not determine the individual payouts for staff until various issues were cleared up with the employee trust which holds the shares. Any share payments will effectively be gifts, as staff paid nothing for their holdings. "One of the things I always wanted [at the time of the buy-out] was that the employees should get equity regardless of whether they had money or not."

He described himself as "one of the few people in the bus industry who have done it to stay in it". He added that one of the conditions of a sale was that it had to be to someone who wanted to keep on running the business.

Shares in FirstBus gained 5.5p to 240p yesterday, despite a statement from the Office of Fair Trading that it was considering whether to refer the bid to the Monopolies and Mergers Commission.



Sharing the spoils in the rolling stock lottery

Sorrell comes closer to scooping £30m pay bonanza

Tom Stevenson
City Editor

Martin Sorrell looks increasingly likely to scoop a maximum payout of more than £30m from a controversial remuneration package that was sold to shareholders as almost impossible to achieve 18 months ago.

While his quest to secure Britain's largest executive pay package received a setback yes-

terday as shares in WPP were hit by disappointment that full-year results were not accompanied by a share buy-back, strong profits growth last year mean Mr Sorrell is almost certain to clear all obstacles to his unprecedented pay bonanza.

The advertising and PR group's shares fell yesterday from 265p to 253p, below one of four trigger points for the issue of free shares worth more than

£14m. Mr Sorrell has already passed one milestone, at 198p a share, and is about to secure another 1.17 million shares, worth £3m, because WPP's shares will soon have been above 230p for 60 consecutive working days.

To secure the maximum share handout he must navigate WPP's shares above 265p and then 304p, for the same 60-day qualifying period before September 1999. With the adver-

tising market growing strongly and WPP's shares trading on a relatively undemanding rating by industry standards, he looks certain to clear the hurdles.

The market had braced itself for a share buy-back yesterday and was disappointed that WPP only said it was putting aside £25m for returning to shareholders "when market conditions are appropriate". Mr Sorrell did say, however, that strong

cashflow would mean the Ogilvy & Mather to J Walter Thompson media combine would be debt free within two years.

That would represent a considerable achievement for a company that came close to going under in the early 1990s, swamped by a mountain of debts incurred during a heavy spending spree in the boom conditions of the late 1980s. Only a series of financial restructurings al-

lowed WPP to start the long haul back to recovery.

Yesterday's figures for the year to December 1996 confirmed the continuation of that recovery. Pre-tax profits of £153.3m compared with £113.7m in 1995 and less than £3m in 1992. Earnings per share rose 46 per cent to 13.3p, above consensus expectations and the final dividend increased 32 per cent to 1.144p.

Mr Sorrell said operating margins, which increased during the year from 9.6 to 10.8 per cent, would continue rising at more than 1 per cent a year.

He said there was no reason why WPP should not match its best performing rivals such as Omnicom and Interpublic, whose best-performing divisions generated a return on sales of up to 17 per cent.

Investment column, page 22

McNeil tipped to move to Schroders

Jill Treanor
Banking Correspondent

There is strong speculation in the City that Schroders is close to hiring yet another senior executive from arch-rival NatWest Markets, the investment banking subsidiary of National Westminster Bank.

Attempts to confirm the speculation were met by a wall of silence from Schroders and NatWest Markets, which only served to strengthen the rumours in City circles.

NatWest lost a handful of key personnel to the family-controlled Schroders merchant bank last year, and sources said yesterday Schroders' ranks would soon be swelled by the recruitment of John McNeil.

Mr McNeil is the highly paid head of equity primary markets at NatWest Markets and, according to sources, is believed to have been offered an equally senior and well-remunerated position in Schroders' rapidly expanding securities operation. If he does join Schroders he

will be following a well-trodden path to the merchant bank's headquarters in London's Cheapside. The first person to embark on the path from NatWest to Schroders last year was Philip Augar, head of global equities and fixed-income sales. He runs Schroders' securities operation in London.

Mr Augar, who is on holiday and unavailable to comment on the rumoured recruitment of Mr McNeil, last year hired former colleagues Richard Wyatt and Patrick Wallington, who were head of equities and equities research respectively at NatWest Markets.

Schroders has also recruited staff from other rivals, including Merrill Lynch and Goldman Sachs, from which it hired Paul Walton, equity strategist.

"Schroders have been taking from everywhere," one source said last night. "There are some good people in them now," another said.

NatWest Markets replaced Mr Augar by hiring Tom Wheeler from Morgan Stanley.

Sainsbury opens bank with high rate for savers

Nigel Cope

The prospect of a price war on savings accounts moved a step closer yesterday when Sainsbury launched its banking operation with a range of accounts and credit cards with highly competitive interest rates.

With an instant access account offering interest of 5.75 per cent on balances as low as a pound, analysts said Sainsbury's move could force high street banks and building societies to offer better rates. Rates on similar accounts offered by rivals such as Halifax and Barclays are as low as 0.5-0.75 per cent.

Neil Baker, banking analyst at Dresdner Kleinwort Benson, said: "There is potential for a deposit price war and the supermarket moves are just another step towards it. To win business you've got to be offering 5 per cent."

Sainsbury's Savers account for

building societies which have retained their mutual status are trying to poach customers by offering better rates than rivals which are converting to banks.

The price battle is expected to escalate after the lock-in effect of the Halifax and Woolwich conversions lapses.

Midland Bank admitted the deals offered by supermarkets would increase competition but said: "We try to give customers what they want rather than compete with new entrants."

Though Tesco and Safeway have already launched deposit accounts, Sainsbury's Bank represents the most significant move by a supermarket into financial services.

The instant savings account is a 24-hour telephone banking operation which offers a cash card that can be used in 10,000 Link machines. There is also a Christmas Savers account for

customers who want to put away a regular monthly sum.

The accounts do not come with cheque books or facilities for overdrafts, direct debits or standing orders. However, Sainsbury hopes to launch a full current account service in the next few months.

Sainsbury has also launched a standard Classic and a Gold credit card with competitive interest rates of 18.5 per cent and 14.7 per cent respectively. Purchases attract points on Sainsbury's Reward card.

Customers who transfer their outstanding balances from their credit cards to Sainsbury's Bank will receive up to £50 or £6,000 Reward points.

Sainsbury's marketing director, Kevin McCaren, said: "We believe we have a clear lead on this. The interest rates are dynamic and it is because we do not have the high costs of a branch network that we are able to offer these terms."

He promised more products would be offered during the year, including personal loans, mortgages and insurance.

Sainsbury's Bank, which is operated in conjunction with Bank of Scotland, opened for business yesterday in 244 stores. It is being launched in Scotland, northern England and the Midlands but will be rolled out nationally over the next few months.

Nomadic savers, page 21

Sales pick up on high street in January

Diane Coyle
Economics Editor

January brought a healthy rebound in high street sales after a disappointing Christmas dip, according to official figures yesterday. The stronger-than-expected rise added more fuel to the interest rate debate.

Minutes of last month's monetary meeting, also published yesterday, showed the Governor of the Bank of England still taking a tough line in calling for a half-point increase in the cost of borrowing. He has since indicated that he would now favour a smaller rise. But back in mid-January, Mr George said the Bank still thought it likely base rates would need to rise by half a percentage point "fairly soon". He said there was a case for making the full move straight away.

Keith Clarke turned down the advice, mainly on the grounds of the strong pound. According to the minutes, "The Chancellor said he did not believe that enough account had been taken of the strength of the exchange rate."

The sterling index closed 0.8 points higher at 97.6 yesterday, compared to 96.4 on the date of the January monetary meeting.

The minutes also report Mr Clarke saying that official figures exaggerated the fall in unemployment, with the smaller drop recorded in the quarterly Labour Force Survey a better guide to what was happening. Some economists found this brazen in the light of the fact that the Chancellor recently decided against switching to a monthly Labour Force Survey.

The Chancellor repeated his views yesterday, saying the lat-

STOCK MARKETS		INTEREST RATES		CURRENCIES	
FSE 100	Dow Jones	Short sterling	UK medium gilt	US long bond	
4,600	10,700	6.06	7.08	7.18	8.03
4,620	10,720	6.07	7.09	7.19	8.04
4,640	10,740	6.08	7.10	7.20	8.05
4,660	10,760	6.09	7.11	7.21	8.06
4,680</					

business

DTI frees tenants from beer contracts

Tom Stevenson
City Editor

A flotation of Inntrepreneur moved a step closer yesterday as the Department of Trade & Industry released the company, one of the UK's largest chains of pubs, from a raft of restrictions and freed its tenants from their obligation to buy beer only from Scottish & Newcastle.

The deal, which was welcomed by Inntrepreneur's chief executive, Mike Foster, should allow numerous legal rows between Inntrepreneur and its tenants to be resolved, clearing a stumbling block to a stock market listing. Analysts said they expected Inntrepreneur, which owns 2,300 pubs, to come to the market with a price tag of about £800m.

Inntrepreneur was formed in 1989 when Foster's, which then owned Courage, acquired the brewing interests of Grand Metropolitan and a joint venture company was created to hold the two companies' pub estates. Following a Monopolies and Mergers Commission investigation of the deal in 1990, undertakings were made to reduce the vertical links between the Courage brewing company and the estate and to reduce the geographical concentration of pubs tied to Courage.

Yesterday's decision by the DTI means Inntrepreneur is no longer required to limit its estate to 4,350 pubs, is no longer limited to 20 per cent of the pubs in any petty sessional district and is no longer required to free any pubs it still owns from tie by next year.

In exchange it must allow its tenants to buy beer from brewers other than Scottish & Newcastle, the current owner of Courage, in a move which is expected to reduce tenants' costs

considerably. Discounts for barrels of beer have widened in recent years thanks to the increasing buying power of independent chains such as Greenalls and JD Wetherspoon, but Inntrepreneur tenants have largely missed out on the downward trend in prices because of their onerous tie to Scottish & Newcastle.

Mr Foster said: "Inntrepreneur has now been given the opportunity to operate on the same playing field as other independent pub companies."

Announcing the change, John Taylor, Minister for Corporate and Consumer Affairs, said: "I have agreed that Inntrepreneur should be released from the existing undertakings. Inntrepreneur's estate is considerably smaller than at the time the undertakings were introduced. In addition to this, the operation of pub chains has become clearer since the time of the merger. Pub chains can stimulate competition, providing a counter-balancing force to the selling power of the large brewers."

Referring to the ongoing legal rows between Inntrepreneur and its tenants, he said: "I recognise that there has been some friction between Inntrepreneur and its tenants. I welcome the recent issue of a Code of Practice covering Inntrepreneur's relationship with its tenants, which has demonstrated the company's desire to resolve these differences. I am sure that Inntrepreneur will respond to this decision in a similar spirit, seeking to foster relationships with its tenants."

The decision to allow Inntrepreneur to extend its tie beyond 1998 is certain to anger some tenants who have alleged inflated beer prices as a result of the current tie agreement.



Fresh steps: The formation of Siemens GEC Communications marks another phase in the transformation of GEC under its new managing director, George Simpson (above), who has already announced sweeping changes. Photograph: FT

GEC seals Siemens joint telecoms deal

It will also combine Siemens Business Communications, formed last year when Mercury Communications, the main UK subsidiary of Cable & Wireless, sold 75 per cent of its business telephone equipment division to GPT, reducing its shareholding to 25 per cent.

GPT is the UK's largest manufacturer of telecommunications equipment and a leading supplier of the hardware used in private company phone networks. It will specialise in developing large private systems including video-conferencing and computerised switchboards.

The new company will employ around 3,000 staff and will have annual sales of £265m. Neither Siemens nor GEC has disclosed a value for the total deal.

The formation of Siemens GEC Communications marks another step in the transformation of GEC under its new managing director, George Simpson, who joined the group from Lucas in September last year, replacing its long-standing head, Lord Weinstock.

Mr Simpson has already stamped his mark on GEC by announcing a sweeping reorganisation of its internal operating structure, replacing the network of businesses into main operating divisions, each under a separate managing director.

France to auction stake in Thomson

John Lichfield
Paris

The French government has decided to invite bids for its £1.3bn controlling interest in Thomson-CSF, the defence wing of the electronics giant Thomson SA.

The decision follows the embarrassing collapse in December of an attempt to privatisate the entire Thomson group. The government, which has rejected pleas from the company's senior management for a stock market flotation, hopes to complete the sale of the military electronics operation by early summer.

Paris will retain an *action spécifique* (golden share) to maintain a degree of political control over the destiny of the company and to prevent its dismemberment. It wants Thomson-CSF to be paired with other French defence companies as the first stage of an anticipated, wider restructuring of the country's military industrial complex.

Bidders are certain to include the Lagardère group, owner of the Matra missiles, space and telecommunications company, which was the senior partner in the privatisation deal which collapsed in December. Its principal rival will once again be the space and telecoms company Alcatel Alsthom, probably in association with the plane-makers Dassault and Aerospatiale.

The French treasury is said to hope that an auction, as opposed to a flotation, will bring a premium price for its 58.4 per cent stake in Thomson-CSF, now valued at Fr1.1bn (£1.3bn). But the government, seemingly wanting the best of all worlds, also let it be known yesterday that it would like Lagardère and Alcatel (and possibly other interested parties) to co-operate in the running of Thomson-CSF.

Government sources said the flotation option had been rejected, in part because it felt the Paris Bourse, also facing the first phase of the privatisation of France Telecom, would not be able to raise sufficient funds. This argument was curiously rejected on the stock market, which has been setting new records daily for several weeks. Jérôme Labey of the Pinatino company on the Bourse told *Le Monde* yesterday: "The market has appetite enough to eat the whole planet and, as long as the paper is good enough, it seems the cash can be printed overnight."

To sweeten the pill for Thomson-CSF management, 10 per cent of the stock of the company will be reserved for employees. The first attempt at privatisation of the entire Thomson SA group was halted in December after the French privatisation watchdog objected to the terms.

Yorkshire Water loses first round of bill battle

Chris Godsmark
Business Correspondent

Yorkshire Water, the privatised water and sewerage group, has lost the first round of a bitter legal battle over increases in bills to one of its largest industrial customers.

Illingworth Morris, one of Europe's biggest producers of wool fibres, revealed that it has been given the go-ahead by a High Court judge to pursue

a legal case against Yorkshire Water, alleging it had been unfairly overcharged. In the meantime, the water company has been prevented from recovering some £1.5m in unpaid bills until a full hearing, expected to take place later this year.

It also emerged last night that the Bradford-based Parkland Group, which makes wool fabrics for Marks and Spencer and other retailers, has also been threatened with imminent

court action from Yorkshire Water in a separate, though similar, dispute.

Yorkshire Water became embroiled in furious rows with textile companies over increases in sewerage bills imposed from 1994. The firms involved, which became nick-named the "dirty fluff", claimed in some cases their waste water charges had gone up by three times. Textile manufacturers use huge quantities of water in dyeing and fin-

ishing processes. Most of the firms involved in the row have since paid their bills. A spokesman for Yorkshire Water could not be contacted last night.

The Illingworth Morris case claims its subsidiaries, Jarman and Woolcombers Processors, saw their bills rise by 47 per cent above inflation over a period of six years. Illingworth Morris had claimed in court that the increases were contrary to the Treaty of Rome, which protects

against companies who misuse their dominant market power.

Alan Lewis, chairman of Illingworth Morris, explained: "We have worked in harmony with Yorkshire Water for many years. However, since the utility's privatisation our business relationship has become difficult and, from our point of view, commercially unviable. We still hope that, with the arrival of new management at Yorkshire Water, common sense will prevail and

further legal action will prove unnecessary."

Mr Lewis added that the £1.5m was not the real issue in the case. He continued: "It's the principle of unfair and unjust charges which make us uncompetitive in Europe."

Separately, the Parkland

Group confirmed that it had been threatened with court action by Yorkshire Water over one element of its waste water charges.

With the

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- Pre-tax profit up 18% to £392 million (excluding conversion costs)
- Cost:income ratio down from 48.9% to 45.8%
- Unit trust and life funds under management up 58% to over £1 billion
- UK Stockmarket Fund ranked in top quartile of unit trusts over one, three and five years.
- Net mortgage lending up 50% to £1.4 billion

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business

Panel raps Barings on takeover rules

Magnus Grimond

The executive of the Takeover Panel yesterday delivered a public rap over the knuckles to ING Barings after shares in Applied Distribution, a client of the merchant bank, soared prior to it revealing bid approaches last month.

A statement from the Panel said Barings, rescued from collapse by the Dutch group ING almost exactly two years ago, had breached rule 2.2 of the Takeover Code by not keeping the City watchdog informed of the approaches.

Alastair Defreuz, the director-general, said: "It is a public statement of criticism because the code has been breached and in particular Barings failed to consult the executive as they were required to do."

Investors vent anger on NFC

Directors of NFC, the transport logistic company, had a rough ride from shareholders at yesterday's annual meeting over the group's poor share performance in the past year. And while a positive trading statement by the chairman edged the shares up 5p to 157.5p, the price is still way below the 1996/97 high of 200p.

Sir Christopher Bland, chairman, told shareholders that "market conditions remain challenging, especially in Europe where the group's business has been affected by drivers' strikes in France and Spain. However, we still expect to make further progress during the year."

That did not placate some shareholders. One asked Sir Christopher: "When do you expect our share price to recover?" In reply, the chairman said: "I share your disappointment."

For the year to September 1996 NFC reported a pre-tax profit of £105.2m, up from £83.6m in the previous year.

The Panel had the choice of keeping the censure of the bank behind closed doors. It was a measure of the seriousness with which it viewed the issue that the reprimand was made public, Mr Defreuz suggested.

Applied, which is involved in corporate food distribution from companies ranging from J Sainsbury to Nestle, saw its shares plunge in November after it issued its second profits warning in three months. The price slumped 25.5p to 37p on the day that it announced that it would be passing its final dividend as a result of a downturn in second-half trading, which would mean it would only break even for the period.

Yesterday, the Panel revealed that the company's announcement, Under the code, it should be kept informed if there is a movement of 10 per cent or more.

IN BRIEF

Consumer prices in the US increased by only 0.1 per cent in January, taking the annual inflation rate down to 3.0 per cent from 3.3 per cent in December. The core inflation rate, excluding food and energy, declined to 2.5 per cent. Although the figures were much better than expected, just one component – air fares – accounted for the surprisingly low increase in core prices. The figures nevertheless confirmed that inflationary pressure remained muted. Separate figures showed a widening in the trade gap in December. The deficit on trade in goods and services was \$10.3bn, up from \$7.9bn in November.

Cable & Wireless's Mercury Communications subsidiary has won a £48m contract to supply voice communications to Lloyds TSB Group. The five-year contract is for a managed service, delivering the corporate voice network linking the offices of Lloyds Bank and TSB Bank across the UK. The network will help Lloyds with the integration of its two banking groups following last year's takeover of TSB.

Grand Metropolitan has sold its Benelux-based bakery businesses, comprising Suzy, Desobry and Drieboek Holdings, to Compagnie Nationale a Portefeuille for £8.5m, including debts. The businesses make waffles, biscuits and traditional Dutch cakes. Combined sales for these businesses for the year to September were around £29m and operating profits £100,000.

Company Results

	Turnover £	Pre-tax £	EPS	Dividend
Ahlens (G)	581m (722m)	-12.1m (-18.2m)	7.29p (-12.44p)	1(-)
Parsons (F)	55.4m (59.5m)	4.15m (5.12m)	11p (10p)	5.0p (-)
London Fertilising (F)	1,856m (1,388m)	38.0m (27.1m)	27.01p (19.18p)	11.2p (-)
Latex (T)	36.8m (21.7m)	1.48m (0.78m)	11.18p (5.7p)	7.5p (-)
Medeva (F)	332m (250m)	38.3m (78.4m)	3.1p (15.9p)	4.8p (-)
WPP Group (P)	7,086m (6,558m)	153m (114m)	13.7p (6.5p)	1.7p (-)
(P) - Profit (F) - Losses (T) - Losses (P) - Dividends 34 pds				

By that stage, the shares had slipped to 30.5p and continued to slide, hitting a low of 21.5p by 18 December, at which price there was a significant volume of dealings, the Panel said.

The shares then started to rise sharply, reaching 40p by the end of the month, hitting 46.5p on 30 January, just before bid approaches were revealed, and rising 30 per cent to 62p on the day. The Panel said it was "naturally concerned that these price increases may have resulted from a leak in relation to the approaches received ... although there was no speculation about this in the media".

The executive said it was only informed shortly before the company's announcement. Under the code, it should be kept informed if there is a movement of 10 per cent or more.

Yesterday, the Panel revealed that the company had received certain bid approaches as early as the beginning of December.

Medeva's big gamble should pay off

THE INVESTMENT COLUMN

EDITED BY TOM STEVENSON

Shareholders in Medeva have suffered a stomach-churning voyage over the years, but signs that the drugs group has been steering a steadier course have grown much clearer of late. Market concerns have centred on methylphenidate, the generic form of Ritalin, the controversial treatment for unruly children made by Novartis. It is thought to have represented over two-thirds of group profits in the past, but Medeva's 70 per cent market share could be under attack from three competitors by next year, with Johnson Matthey potentially ready to enter the market with a rival product as early as this summer.

But Medeva has not been sitting on its hands and the first fruits of its labours were apparent in yesterday's results for the year to December. Operating profits cut from £78.1m to £39.9m were hammered by a £65.2m restructuring charge in the wake of last year's £37.0m (£29m) deal to buy Fisons' old US businesses based at Rochester, New York, from Rhône Poulen Rover.

But Rochester, Medeva's biggest buy to date, should do wonders for the group's credibility. Analysts reckon the additional business has diluted methylphenidate profits to around half the group total and the potential is huge. At its most prosaic the £47m cash spent on integrating Rochester should have repaid itself by the year 2000, when it could be delivering underlying cost savings of around £25m a year.

More exciting still should be the top line benefits. The merged and restructured salesforce, now raised from around 150 to 272, has already managed in six months to generate £77m of sales from Rochester's 10 products, some three-quarters of the total for the whole of last year. And Medeva says only around 15 per cent of the Rochester site was being used when it was acquired, so if it can find the drugs, the capacity is there to multiply by several times the throughput.

Already, over the past two years, Medeva has picked up some interesting prospects. Maiden contributions from RPR products like Ionamin, the anti-obesity treatment which clocked up sales of £22.4m, and the first full year of earlier acquisitions, like Glaxo's Semprex D anti-histamine for allergies, mean new drugs are already reporting sales of more than half the £108m from methylphenidate last year. Given that many of these are growing in double digits and the high margin Rochester products were in for only half a year, the omens are good that Medeva can survive the onslaught on methylphenidate.

Success in a legal dispute over the marketing of Ionamin could deliver a £20m boost to the bottom line, while further out, Hepagene, the hepatitis B vaccine, has picked up some interesting prospects. Maiden contributions from RPR products like Ionamin, the anti-obesity treatment which clocked up sales of £22.4m, and the first full year of earlier acquisitions, like Glaxo's Semprex D anti-histamine for allergies, mean new drugs are already reporting sales of more than half the £108m from methylphenidate last year. Given that many of these are growing in double digits and the high margin Rochester products were in for only half a year, the omens are good that Medeva can survive the onslaught on methylphenidate.

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That is a remarkable performance for a company that received the last rate so many times while the bankers toiled over its many refinancings that its ultimate recovery is nothing short of a miracle.

Running down WPP's profit and vaccine and treatment, could yet turn into a mini-blockbuster. Lehman's profit forecast of £124m puts the shares, up 3.5p to 283.5p, on a forward p/e of 12. Good value against typical industry multiples in the 20s.

loss account it is hard to avoid the conclusion that everything is going the company's way. Revenues of £1.89bn were 9 per cent ahead of 1995 but by the time a 6 per cent reduction in costs was accounted for, operating profit was 22 per cent better at £182.4m.

Lower interest rates and smaller debts helped the pre-tax profit line to a 35 per cent increase to £153.3m and by the time a lower tax charge had had its impact, profit attributable to shareholders was 46 per cent higher. No wonder the final dividend rose 32 per cent to 1.144p.

Shareholders, and Mr Sorrell of course, will now focus on how much more can still be done to bring WPP up to the standards of its best peers.

In advertising, Omnicom and Inter-

public achieve operating margins of

between 13 and 15 per cent, and their

best businesses as much as 17 per cent.

In PR, Shandwick generates a return

of more than 10 per cent.

With strong brands such as Ogilvy

& Mather, J Walter Thompson and

Hill & Knowlton, there is no reason

why WPP should not aspire to that

sort of performance. This, the com-

pany would, by itself add another £25m to operating profit.

Medeva: at a glance

Market value: £293m, share price 283.5p

Trading record

1992 1993 1994 1995 1996

Pre-tax profit (£m) 35.0 46.1 64.2 79.0 88.3

Dividends per share (pence) 2.22 2.7 3.3 4.0 4.8

Sales by category

£m, 1996

1996 total: £331.8m

General products 35.2

Gastroenterology 15.3

Hospital products 47.1

Vaccines 47.8

Respiratory 52.7

Central nervous system (including Methylphenidate) 182.7

Source: Company

House broker Panmure Gordon believes strong sterling will hold WPP's profits back a bit this year from previous expectations of £180m to about £175m. Lower tax, however, will keep earnings per share at just over 15p.

That puts the shares on a prospective price/earnings ratio of 16 at 253p, down 14p. Given the scope for further growth, that's good value.

Early bookings boost Airtours

Airtours' figures for the first three months to December are not the most meaningful data – it is hardly the most important quarter of the year for a tour operator and travel agent. They do, however, give analysts a chance to check their expectations and for the company to give a steer about the volume of early bookings.

Yesterday's 6.5p fall in the share price to 970p was a rather grudging reaction to a quarterly statement that reassured on both these counts.

Analysts pushed their expectations for the year to September a useful £7m higher to £110m on the back of buoyant booking figures showing early purchases of summer 1997 packages 45 per cent ahead.

But after the shares' breathtaking recent run, a pause was to be expected. When Airtours announced record profits for the year to last September a couple of weeks before Christmas the shares stood at just over 27. Now they are the best part of £10.

Less than five years ago you could have picked them up for 170p, and they have doubled in a year.

Yesterday's statement showed a 40 per cent rise in first-quarter sales thanks in part to the inclusion of Spies and Alba, the latest in Airtours' overseas pushes, and a 33 per cent drop in the seasonal loss before tax to £12.1m. Part of the rationale for moving into overseas markets such as Scandinavia and Canada has been a desire to make the business less summer orientated and the strategy appears to be working handsomely.

Airtours shares have soared on hopes that the days of overcapacity and price wars are over for good, together with a touch of bid spice from the 29.9 per cent stake held by Carnival Corporation of the US. On the latest forecasts they stand on a prospective price/earnings ratio of 18 this year. That's a reasonable premium for a genuine growth company and the shares are still worth holding.

THE INDEPENDENT ON SUNDAY READER OFFER

Eurostar Paris hotel break from just £79



The Independent and Independent On Sunday in association with Eurostar and Driveline Europe have arranged this special spring time in Paris offer. Travel in style and comfort on the Eurostar passenger train service and spend one night in a Paris hotel for as little as £79.00 per person, or two nights for £99.00 per person.

Spring is nearly here, and what better way to shake off the winter blues than with a trip to Paris. Whether you want to shop, dine, nightclub, go sightseeing or simply take your time and relax, Paris is the perfect destination. Now, because of our special Springtime in Paris offer, you can go for a fraction of the price you would normally pay. All things considered, wouldn't you rather be in Paris?

There is no need to collect tokens, simply call Driveline Europe to book.

The offer is valid for travel from the 28 February to 30 April (excluding the Easter period 22-31 March '97)

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There is no need to collect tokens, simply telephone Driveline on 01707 660011 quoting The Independent/Eurostar promotion. Please have ready your approximate departure/return times. There is approximately one train an hour during normal travelling times. Payment can be made by cheque, Switch, Delta, Connect, Access or Visa. No Cheques for departures within 14 days of booking. Travel insurance is available at the special price of £10 p.p. Booking request must be received by Driveline at least 4 working days in advance of the requested date of

travel. Within this period a £10 late booking fee will apply. All bookings will be verified by confirmation invoice and tickets are normally issued seven days prior to departure. If your departure date is within seven days, Driveline Europe Ltd will contact you to make suitable arrangements. A binding contract between you and Driveline Europe Ltd will come into existence when Driveline Europe Ltd despatch a confirmation invoice. Terms and Conditions

All bookings are subject to availability. All travel must be completed by 30 April 1997. The offer is available to readers aged 18 years or over. You

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Campanile Louis Blanc is conveniently located less than ten minutes walk (or a short taxi drive) from the Gare du Nord. All rooms are comfortably furnished with private facilities, channel 100 and a courtesy tray with tea, coffee and biscuits. There is a breakfast room and bar and the centre of Paris is approximately 15 minutes by metro.

Campanile Bastille is located in the centre of Paris, close to the historic Marais quarter and the Place des Vosges, with its arcades, antique shops and galleries. There are two metro lines close to the hotel, one which goes directly to Gare du Nord (line 5, Breguet-Sabin station). Hotel facilities include small gardens, fully equipped bedrooms and breakfast room.

Campanile Italie-Gobelins is on the left bank at 'Place d'Italie' and within walking distance of the Latin quarter with its lively restaurant and bars. The metro is close by and on the direct line from Gare du Nord. The hotel offers a warm and modern atmosphere with full private facilities in the rooms, cable TV and a buffet breakfast room.

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To upgrade your hotel the three star **Trianon Rive Gauche***** is also available at just £99 p.p. during March and £105 pp during April for one night on a B&B basis. Extra nights are only £40 p.p. This hotel offers a prime location next to the beautiful Jardin du Luxembourg and the famous Sorbonne. It is just 15 minutes from Notre Dame on foot. Direct RER from Gare du Nord. The price

business

Wipe the slate clean for the world's poorest countries



Diane Coyle

The call for more official aid to developing nations is a forlorn hope. But there is another way

a dozen "upper middle income" countries.

The report's conclusion is that there needs to be more official aid, but focused on creating the underlying conditions for private investment. "Aid, in short, must now be used with a deliberate mission to help countries break out of aid-dependency." The message is that increasing private capital flows to the few are no substitute for official aid flows to the many.

It is hard to see any hope of aid budgets being increased, however. The UK was one of those leading the way in cutting official aid. It amounted to \$3.2bn (£2bn) in 1995, a fall of 6.5 per cent in real terms. Britain has been overtaken for the first time by the Netherlands in the amount of development aid it provides. UK aid was sixth lowest as a share of GDP, well below the OECD average at only 0.26 per cent, although the think-

the recent annual review by the Organisation for Economic Co-operation and Development, the rich countries' club, makes unusually sombre reading. The flow of aid to poor countries from rich governments has slumped in the latest year for which figures are available – with the UK one of the meanest donor countries.

In its annual review of development assistance provided by member countries, the 29 richest in the world, the OECD revealed that total aid spending fell by nearly a tenth in real terms in 1995. The total declined to \$58.9bn in cash terms.

The normally upbeat report described this as a "slump, and said 15 out of the 21 countries reviewed had slashed aid spending. The OECD set out an action plan, including increased official assistance, for giving more help to poor countries.

It put a positive gloss on the disappointing official contributions by noting that increasing private sector investment meant total capital flows from the rich to the developing countries had reached a new record of \$239.3bn. Private money accounted for \$159bn of this. Portfolio investment has fallen since the Mexico crisis, but bank lending and direct investment are both growing strongly.

However, as the charts show, the private investment is heavily concentrated in the richest developing countries. Flows to sub-Saharan Africa are down and it now receives almost none. Both South America and Asia have enjoyed increases, but these are concentrated on the handful of economies that are growing rapidly anyway. More than three-quarters of all private investment by OECD countries in the developing world goes to

tank conceded that the British programme was "businesslike".

The US was the fourth-biggest donor in absolute terms, but bottom of the league for aid relative to GDP at only 0.1 per cent, following a 28 per cent real-terms reduction in 1995.

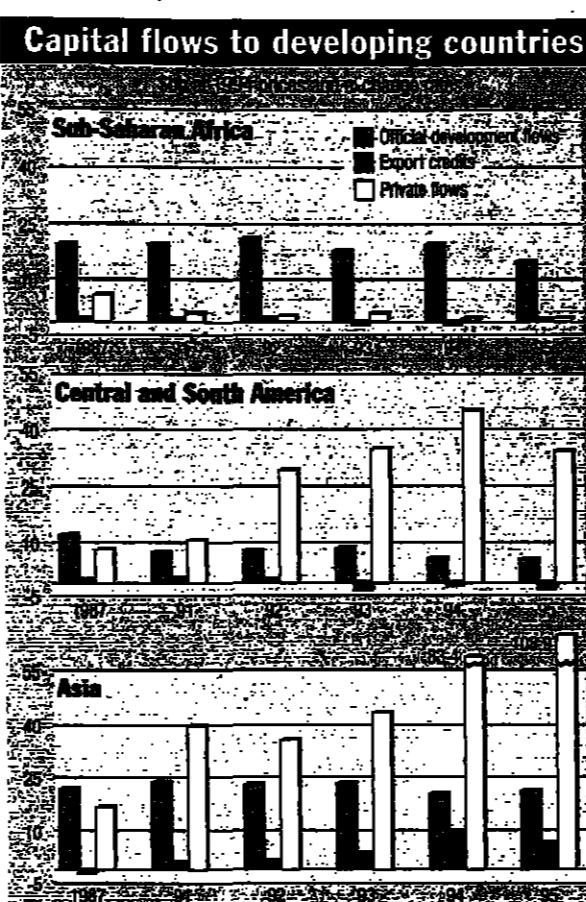
Only four countries met the UN target of giving the equivalent of 0.7 per cent of their GDP in aid to developing countries. These were Denmark, Norway, the Netherlands and Sweden.

In short, any country with government deficit reduction high on the political agenda – including all of the EU and the US – has cut its aid budget. Brave is the politician who would ask for more money for poor foreigners when national welfare budgets are being slashed.

It is also worth wondering how extra funds from the countries of "the north" could actually help the poorest countries of "the south" get themselves into a state which will attract private finance and see them become fully fledged members of the international economy. It surely cannot be a question of infrastructure: the World Bank has been funding bridges, roads and dams for 50 years.

It is hard to see how shoveling in funds from one set of governments can help another set of politicians become less corrupt or better rulers – if anything, the reverse will happen. That leaves, perhaps, areas such as educational and social spending, but even here there must be a suspicion that more is lacking than oodles of money.

The call for higher official assistance to developing countries is not only a forlorn hope, but also less useful than an alternative financial commitment the rich nations could make. That is writing off past debts to the world's poorest countries to have a fresh go at developing themselves rather than having to take the OECD's advice along with its aid dollars.



Thanks in large part to the efforts of Chancellor Kenneth Clarke – which go a long way to compensate for his cutting of the overseas development administration's budget – a debt relief initiative was agreed at last October's annual meeting of the World Bank and International Monetary Fund. It is a modest initiative, which will provide only a slow trickle of relief for a couple of dozen poor nations in terms of the amount of interest they must pay to governments in the north.

Even so, getting the necessary international agreement has been painfully difficult. Asking for more generous debt relief is almost as idealistic as asking for more aid.

Writing off past debts would, above anything else, help some of the world's poorest countries stand on their own feet. These huge debts were shovelled on to them by the rich countries in the past – as willing to lend as the recipients were to borrow. Paying the interest on these accumulated debts has been a crippling burden with far-reaching effects,

including the disastrous focus of many countries on growing cash crops for export rather than growing food and following the proven development path of industrialisation.

A bigger debt write-off would not even cost very much. The package agreed last October amounted to \$3.6bn. That is little more than the likely error in the Treasury's forecast of this year's public sector borrowing requirement, and only about twice the UK's 1995 aid budget.

In a real sense, Britain could have afforded to finance the whole debt relief initiative by itself. The moves so far have been mainly symbolic and the rich countries should do much more. It would cost them little, but those small amounts would constitute a huge increase in the amount available for southern governments to spend on their own health and education programmes.

It would wipe the slate clean for the world's poorest countries to have a fresh go at developing themselves rather than having to take the OECD's advice along with its aid dollars.

Flush with his success, Clarke tots up the gags

PEOPLE & BUSINESS

To the Office of National Statistics (ONS) in London's Finchley, to witness Chancellor Ken Clarke unveiling a plaque commemorating the opening of its spanking new offices.

Until recently the ONS has been sharing space in the Treasury, which is becoming increasingly dowdy as it awaits refurbishment.

As our Ken undrapes the plaque, which sits on a stand in the plush new atrium, he muses: "Some of the best news I got about the Treasury building recently was that it was on fire. The worst news was that the fire brigade was putting it out."

This seems a trifle unfair, since it was the Government's own austerity drive which led to the Treasury's dilapidation in the first place.

Our Ken cannot resist a further crack. Seeing that the plaque is sitting on a temporary stand, he says: "I suppose you're going to hang this plaque in the Gents."

Unabashed, up steps the Treasury's economics head prefect, Angela Knight, to press the button on an electronic scoreboard which flashes up the ONS's latest statistics. "Perhaps this will go in the Ladies," she adds.

International client base.

A Reuters spokesman adds that Sir John's City and international experience will be invaluable in helping to expand Reuters' coverage of the equity and fixed-income markets.

Sun Life of Canada sent me a letter informing me of its "enhanced payments for our 25-year endowment policies".

The insurer writes: "However, in line with other life companies, the 20-year payout has decreased [sic] reflecting lower investment returns over the last 20 years."

Brimley. Just how low do returns have to be to kill off a payout? May it rest in peace.

Once upon a time there was a bug-eyed rich group of Swiss gnomes called Crédit Suisse, and a Wall Street investment



Angela Knight: Putting a word in for the Ladies

bank called First Boston. They formed an investment bank subsidiary called Crédit Suisse First Boston, headed by Dr David Mulford.

Dr Mulford has played a big part in successive US administrations as a senior Treasury adviser, negotiating yen-dollar agreements with Japan and financial assistance to Russia. Truly a grand voyage of international capitalism.

A few years ago the First Boston bit faded badly and it was renamed CS First Boston but still described as "an American investment bank".

This year Crédit Suisse decided to take closer control. It dumped its corporate banking arm on to it renamed it again – back to Crédit Suisse First Boston and restyled it – as "a Swiss bank".

And yesterday, with much fanfare, CSFB announced its new chairman – Dr David Mulford, distinguished adviser to the US Treasury etc. Perhaps the bankers should leave these tiresome rebranding exercises to Richard Branson.

Buchler Phillips, the insolvency firm which wound up Robert Maxwell's private estate (or what was left of it), has hit on a wizard wheeze to attract fellow receivers to a seminar in Hong Kong. The conference for accountants, lawyers and bankers will be held the day before the Hong Kong Sevens tournament starts, on Friday 21 March.

This rugby tournament is widely thought of as one of the most enjoyable of all sports occasions, involving superb sports facilities and copious quantities of alcohol.

Two days later, senior partner Peter Phillips has to fly to New Orleans for the Insol conference, the periodic global gathering of insolvency specialists. It's dirty work, but someone's got to do it.

John Willcock

Foreign Exchange Rates

Sterling	Dollar			D-Mark		
	Spot	1 month	3 months	Spot	1 month	3 months
US	1623	11.9	32.29	1000	808004	808004
Canada	2382	54.49	135.60	2382	2382	2382
Germany	27372	69.51	203.63	15840	15840	15840
France	5273	127.18	140.00	52728	52728	52728
Italy	2784	95.91	127.26	2784	2784	2784
Japan	2010	281.27	1407	143.88	143.88	143.88
ECU	14096	21.13	65.61	1438	1438	1438
UK	14243	22.77	64.63	14243	14243	14243
Denmark	14243	22.77	64.63	22.77	22.77	22.77
Netherlands	30656	82.74	224.02	15202	15202	15202
Ireland	13757	5.7	16.10	13757	13757	13757
Norway	1857	180.3	203.43	1857	1857	1857
Spain	23151	31.3	143.58	83.103	107.12	140.22
Sweden	12072	220.10	220.10	74534	74534	74534
Switzerland	10448	88.55	104.25	104.25	104.25	104.25
Austria*	12483	93.52	124.83	124.83	124.83	124.83
Hong Kong	4070	0.4	0.4	2.478	2.478	2.478
New Zealand	12483	0.4	0.4	1.695	1.695	1.695
Saudi Arabia	63068	0.0	0.0	3759	59.5	59.5
Singapore	23019	0.0	0.0	14278	70.65	70.65

Interest Rates

Country	Spot	1 month			3 months		
		1 month	3 months	1 year	1 month	3 months	1 year
UK	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
France	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
Germany	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
Italy	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
Netherlands	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
Ireland	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
Spain	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
Sweden	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
Austria*	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
Hong Kong	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
New Zealand	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
Saudi Arabia	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%
Singapore	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%	5.90%

Yields calculated on local basis

Source: calculated on local basis

Subtract from spot rate to find spot rate

*Dollar rates quoted reflect reciprocation

For the latest foreign exchange rates call 0891 123 3033. Calls cost 50p per minute (day rate) 45p other times.

Liffe Financial Futures

Contract

Newton to the rescue in Genoa

Football

Italian Serie B Under-21 1
Football League Under-21 1

Shaun Newton climbed off the substitutes' bench to secure a creditable draw for Brian Horton's Nationwide Football League youngsters in Genoa yesterday.

The 21-year-old Charlton midfielder had only been on the pitch for three minutes when he hit the 62nd-minute goal which took the League's unbeaten record to three matches since these annual encounters were given an under-21 age limit in 1995. No one will be more grateful to Newton than his captain, the Birmingham midfielder Chris Holland, whose first-half blunder led to Alessio Pirri putting the Italians ahead after 35 minutes.

There was no doubt that the Englishmen deserved their draw after matching the home side stride for stride – it was just a shame that the impressive 38,000-capacity Luigi Ferraris stadium housed no more than a few hundred fans.

Even so, the visitors looked a little overawed by their surroundings in the early stages and struggled to contain an Italian Serie B side which had a generous sprinkling of players contracted to Serie A clubs but farmed out to lower division teams to learn their trade.

Pirri curled a 25-yard free-kick just wide with Andy Marshall scrambling desperately to his right, and then the Norwich goalkeeper denied Andrea Zanchetti with a spectacular save when the Foggi mid-fielder crashed in a half-volley.

Marco Campolonghi was next to threaten, only for Marshall to snuff out the danger by scooping the ball away and, with the Italians continuing to dictate the game, Pirri should have done better than strike a shot wide from 12 yards.

However, with Holland hitting into every midfield tackle, the League side gradually turned the tide and it took a goal-line clearance from Dario Baccin to prevent Lee Bradbury from giving the visitors the lead, when he out-jumped the goalkeeper Matteo Gianello to loop in a header from Alan Rogers' deep cross.

Bruce Dyer was crowded out moments later after a sharp turn had given the Crystal Palace forward a brief sight of goal, but that was the cue for the Italians to break downfield to take the lead.

Holland took possession deep inside his own half and tried to find Carl Serrant with

a cross-field ball that simply invited danger. Pirri was in like a flash to intercept, and the midfielder raced clear unopposed before lifting his shot expertly over Marshall as the goalkeeper rushed out.

The visitors almost replied immediately when Dyer lashed in a shot on the turn that was blocked by Gianello. Then they should have had a penalty on the stroke of half-time, when Rogers was clearly tripped by Baccin as he raced into the area only for the French referee, Claude Colombo, to wave away the English appeals.

Dyer threatened again immediately after the restart with a clipped shot from a tight angle that was turned over by Gianello. However, the Italians showed that they were no in the mood to relinquish their lead with Giovanni Pier Ruzitano giving a lecture for a clattering tackle on Rogers. Wrexham's Bryan Hughes was also spoken to for a late challenge on Gianello.

Horton made a double substitution on 59 minutes, with Newton and Scott Taylor coming on for Rogers and Bradbury, and it proved to be an inspired switch. Three minutes later, the determined Dyer struggled off two Italian defenders down the right and sent over a cross that Newton controlled instantly before beating Gianello with a low drive.

Dyer was within a whisker of capping an impressive performance by putting the visitors ahead minutes later when he rose to meet Des Hamilton's cross only to guide his near-post header just over.

The Italians responded in spirited fashion themselves in the closing stages and substitute Vincenzo Chianese had a close-range shot blocked by the legs of Marshall.

Even so, the visitors could have snatched it in the final seconds, Newton seeing his first shot ricochet off the legs of team-mate Dyer and then forcing Gianello into a neat save from the rebound.

England's captain, Michael Atherton, escapes the pressure of international cricket as he enjoys a relaxing day's fishing in Christchurch yesterday

Atherton heads the cast again with a lonely task in New Zealand



Photograph: Chris Turvey/Empics

Grip slips out of Rovers' grasp

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Sweden's assistant manager, Tord Grip, has added to the speculation surrounding Sven Goran Eriksson's future by saying he had no intention of coming to Blackburn.

It was widely believed that Grip, who has been monitoring the club's progress and providing dossiers on the players,

would eventually arrive at Ewood Park in the summer to link up with Eriksson.

However, it is now believed that Eriksson will remain in Italy by switching from Sampdoria to Lazio in the summer and Grip planned to talk to him last night to discover his intentions.

Rovers thought they had got their man before Christmas when the Swedish coach signed an agreement to take charge at Ewood Park when his current contract with Sampdoria expired this summer.

However, there have been persistent rumours that manager Lazio have persuaded Eriksson to have a change of heart about quitting Serie A, and his latest comments seem to suggest that the Lancastrians will have to begin their managerial search once again.

Grip said: "I have just arrived home from Thailand with the national squad and am aware of the rumours and the stories. I am as anxious as anyone to find out the truth."

"Sven asked me to follow Blackburn and provide him

with reports and that is just what I have been doing. But it is not correct to say I have been promised the assistant manager's job at Blackburn. That is quite wrong."

"I know there are people at the club who have been there a number of years and it wouldn't be right to take one of their jobs. I have a contract with the national team until 1998 and, although there is a clause in it allowing me to work with a club, I have not discussed the situation of Blackburn with Sven."

Eriksson would not clarify his future yesterday, saying: "I haven't got any comment to make." He added: "It can be construed in a certain way but I can't speak about it and it will be in the next couple of weeks that I will be able to announce my decision. Of course it will be in everyone's interests to make an announcement now, because it leaves a big question mark for a lot of people. I feel sorry for everybody involved but it has been very difficult for me also."

Branson backs the Broncos

Rugby League

DAVE HADFIELD

Richard Branson, the British businessman, yesterday bought a 15 per cent stake in the London Broncos and predicted that rugby league could become the main sport in the country.

Branson declined to reveal the amount of money he is putting into the club, but the involvement of such a high-profile figure as the Virgin founder is a major boost for the Broncos and the game as a whole.

"Quite a few people will be wondering why we are investing in rugby league instead of football, rugby union or even cricket," he said. "The answer is simply that rugby league is one of Britain's fastest-growing

sports and has been under-developed in the south. But it is a great spectator sport and one day could become the main sport in the country."

Branson's decision was greeted with predictable enthusiasm by the Broncos' chairman, Barry Maranta. "In three or four years, this team will be the force in world rugby league," he said. "There will be no team in the world that can hold a candle to us. We are a one-city team, which is what the concept of world Super League is all about. The challenge to us is how we can tap the massive human resources available to us."

Martin Offiah, who will miss Saturday's Challenge Cup tie against Bradford because of his winter contract with Bedford, but who will be available for the

start of the Super League season next month, predicted that the Broncos will soon be the main sport in the country."

"London has struggled in the past with a lot of the top players from the north not wanting to come down here," he said. "But as London becomes one of the top clubs, I think more and more players will want to come down here."

Maranta pointed to the success of the Broncos' junior sides, drawn from local youngsters, as the key to the club's future. "Our under-16 team, which 12 months ago had never played rugby league, is now unbeaten in the winter competition, beating teams in the north who have been playing for eight or nine years."

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